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ABSTRACT

This document records the oral testimony and written reports of witnesses who testified at a Congressional hearing on moving the United States toward a comprehensive employment training system. Witnesses included members of Congress, state officials, labor representatives, and association officials concerned with employment and training. At the hearing, witnesses took a broader look at the government's ineffective employment and training efforts, which span more than 150 programs operated by 14 federal agencies spending about $25 billion per year. Issues considered include whether and how to reinvent employment and training programs. The witnesses commented on the difficulties caused by the multiplicity of federal programs and the steps that they are taking to overcome the hurdles. (KC)

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ED 371 208

STEPS TOWARD A COMPREHENSIVE EMPLOYMENT AND TRAINING SYSTEM

HEARING

BEFORE THE

EMPLOYMENT, HOUSING, AND AVIATION SUBCOMMITTEE

OF THE

COMMITTEE ON GOVERNMENT OPERATIONS HOUSE OF REPRESENTATIVES

ONE HUNDRED THIRD CONGRESS

SECOND SESSION

MARCH 3, 1994

Printed for the use of the Committee on Government Operations

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STEPS TOWARD A COMPREHENSIVE EMPLOYMENT AND TRAINING SYSTEM

THURSDAY, MARCH 3, 1994

HOUSE OF REPRESENTATIVES,
EMPLOYMENT, HOUSING, AND AVIATION SUBCOMMITTEE
OF THE COMMITTEE ON GOVERNMENT OPERATIONS,
Washington, DC.

The subcommittee met, pursuant to notice, at 10:05 a.m., in room 2247, Rayburn House Office Building, Hon. Collin C. Peterson (chairman of the subcommittee) presiding.

Present: Representatives Collin C. Peterson, William H. Zeliff, Jr., and Christopher Shays.

Also present: Joy R. Simonson, professional staff member; June Saxton, clerk; and Joseph H. McHugh, minority professional staff, Committee on Government Operations.

OPENING STATEMENT OF CHAIRMAN PETERSON

Mr. PETERSON. Today we're going to start examining moving toward a comprehensive employment training system. As everybody knows, the Department of Labor has got some initiatives coming and we have some folks from the GAO who have been studying this, and some other people that have some ideas. So we welcome them here today, and we expect this will be the start of a number of hearings that we will be looking at as we go along.

It's an understatement to say that there are major problems with the Nation's employment and job training programs. Almost 1 year ago the subcommittee held a hearing to examine some of the Job Training Partnership Act programs. At that time we heard serious criticisms concerning the effectiveness and accomplishments of these programs for the disadvantaged from the General Accounting Office; and also the Labor Department inspector general, and others. Although there were minimal gains for some groups, most participants remained in poverty; youth, in particular, did not benefit much at all.

Last October we held a hearing on the Trade Adjustment Assistance Act, which is intended to assist workers displaced by foreign imports, and a new TAA "bridge" program for those displaced as a result of the North American Free Trade Agreement. Again we heard criticisms of these Labor Department programs. The inspector general at that time reported that only 1 TAA participant out of 10 obtained a training-related job which paid as much as 80 percent of their former wages.

Today we will take a broader look at the government's ineffective employment and training efforts. Vice President Gore's report of

the National Performance Review states that: "Our nation's economic future depends on the quality of our work force." It also says that our system for developing a high quality work force is "badly fragmented."

One of today's witnesses describes the Federal system as "a collection of programs developed by various congressional committees in response to particular needs of specific groups of people." Indeed, with over 150 programs operated by 14 Federal agencies and spending about $25 billion a year, I think we can all say that this is a crazy quilt.

Among the many issues before us as we consider whether and how to reinvent employment and training programs is the fundamental question: Do we know what works? What payoff are we getting from the billions we pour into the scores of programs in hundreds of communities? I was dismayed to read the GAO statements about the absence of information on outcomes for participants in federally funded programs. I believe that we need to know who gets jobs, does the training received relate to those jobs obtained, and what percentage leaves the welfare rolls?

Now, not to be totally negative, there are some success stories. The Labor Department showcased a number of them at a recent program attended by the President. But we must have more than scattered anecdotal data if we plan to replicate such programs on a wide basis. Why should we consolidate programs which may not be effectively helping their "customers," the job seekers? It seems like we're trying to combine three lemons and out of that produce a fruit salad.

Our witnesses today will spell out the dimensions of the current fragmentation. The problems which this fragmentation presents to job seekers, to employers, to State and local governments, and service providers, and to us as taxpayers are too numerous to list. They have been noted and deplored over many years by public and private sector organizations and experts, but solutions have not yet been found to these problems.

We are delighted today to have witnesses from several States who can tell us not only about the difficulties caused by the multiplicity of Federal programs, but about steps that they are taking to overcome the hurdles. We look forward especially to recommendations from both the GAO and the State representatives for steps which the Federal Government should undertake.

Four weeks ago we invited Douglas Ross, Labor's Assistant Secretary for Employment and Training, to participate in this hearing and discuss how the administration's new Reemployment Act, a plan for combining six dislocated worker programs, meets the criteria that GAO is presenting here today. The GAO statement was available to Mr. Ross last Friday, yet he has declined to appear today at this hearing, allegedly because he didn't have enough time to analyze it. I guess I am surprised and disappointed that he could not provide the administration's perspective on this important issue. Rest assured, we will get him up here some other time to tell us what their point of view is.

We know from the media that the Reemployment Act will propose consolidation of some Labor Department programs and some form of one-stop career centers for dislocated workers. However, we

are looking more broadly at the need for effective governmentwide structure of work force development programs. The subcommittee anticipates exploring at a future hearing the questions of how adequate the steps that are being proposed are, and what next steps are planned.

Finally, I am convinced that improvements in the employment and training system must be built on meeting the needs of both types of customers, the employers as well as the workers. We cannot afford to continue supporting an ineffective training system while employers maintain that they're having a hard time finding adequately prepared workers. Matching the supply of workers with a changing and growing demand for them is surely not beyond our ability; at least, I hope it isn't.

I concur with the GAO's conclusion that a major overhaul of the employment and training programs is needed. I think clearly it is overdue, and we welcome their being with us today and their continued work in this area.

[The opening statement of Mr. Peterson follows:]

OPENING STATEMENT
COLLIN C. PETERSON, CHAIRMAN
EMPLOYMENT, HOUSING AND AVIATION SUBCOMMITTEE

March 3, 1994

It is an understatement to say that there are major problems with the nation's employment and job training programs. Almost a year ago the subcommittee held a hearing to examine some of the Job Training Partnership Act programs. We heard serious criticisms concerning the effectiveness and accomplishments of these programs for the disadvantaged from the General Accounting Office, the Labor Department Inspector General, and others. Although there were minimal gains for some groups, most participants remained in poverty; youth, in particular, did not benefit at all.

Last October we held a hearing on the Trade Adjustment Act (TAA), which is intended to assist workers displaced by foreign imports, and a new TAA "bridge" program for those displaced as a result of the North American Free Trade Agreement. Again we heard devastating criticisms of these Labor Department programs. The inspector general reported that only one TAA participant out of 10 obtained a training-related job which paid as much as 80% of former wages.

Today we will take a broader look at the government's ineffective employment and training efforts. Vice President Gore's Report of the National Performance Review states that: "Our nation's economic future depends on the quality of our workforce." It also says that our system for developing a high quality workforce is "badly fragmented." One of today's witnesses describes the federal system as "...a collection of programs developed by various congressional committees in response to particular needs of specific groups of people." Indeed, with over 150 programs operated by 14 federal agencies and spending about $25 billion a year, I see it as a crazy quilt.

Among the many issues before us as we consider whether and how to "reinvent" employment and training programs is the fundamental question: do we know what works? What payoff are we getting from the billions we pour into scores of programs in hundreds of communities? I was dismayed to read the GAO statements about the absence of information on outcomes for participants in federally funded programs. We need to know who gets jobs? Does the training received relate to the jobs obtained? What percentage leaves the welfare rolls?

Now there are success stories. The Labor Department showcased a number of them at a recent program attended by the President. But we must have more than scattered anecdotal data if we plan to replicate such programs widely.

Why should we consolidate programs which may not be effectively helping their "customers", the job-seekers? Combining three lemons will not produce a tasty fruit salad.

Our witnesses today will spell out the appalling dimensions of the current fragmentation. The problems which this fragmentation presents to job seekers, to employers, to state and local governments and service providers, and to us as taxpayers are too numerous to list. They have been noted and deplored over many years by public and private sector organizations and experts, but solutions have not yet been found.

We are delighted to have witnesses from several states who can tell us not only about the difficulties caused by the multiplicity of federal programs but about steps they are taking to overcome the hurdles. We look forward especially to recommendations from both the GAO and the state representatives for steps which the Federal Government should undertake.

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We know from the media that the Reemployment Act will propose consolidation of some Labor Department programs and some form of one-stop career centers for dislocated workers. However, we are looking more broadly at the need for an effective government-wide structure of workforce development programs. The subcommittee anticipates exploring at a future hearing the questions of how adequate this step is and what next steps are planned.

Finally, I am convinced that improvements in the employment and training system must be built on meeting the needs of both types of "customers"--employers as well as workers. We cannot afford to continue supporting an ineffective training system while employers maintain that adequately prepared workers are not available. Matching the supply of workers with a changing and growing demand for them is surely not beyond our ability.

I concur with the GAO's conclusion that a major overhaul of employment and training programs is needed. Clearly, it is overdue.

Mr. PETERSON. We were going to have Governor Merrill from New Hampshire with us, and he couldn't make it because of the weather. He must be getting a lot of snow up there. Is that why you're smiling, Mr. Zeliff? You love it, right?

Anyway, maybe we can have him some other time.

With that, I'll call on my esteemed ranking member for any statement that he might have.

Mr. ZELIFF. Thank you, Mr. Chairman. I appreciate you calling the hearing and I will jump onto your comment about lemons—I hope we're in a position to turn some of these lemons into lemonade.

I believe that the dialog that is begun today will add significant input as Congress works to reform the way in which the Nation prepares and retrains American workers.

Finding effective and meaningful ways to provide job training and employment opportunities to our disadvantaged and dislocated workers is a matter I have devoted a good part of my life to. For 10 years I was a member of the New Hampshire Private Industry Council, both for CETA and JTPA. My State has been a leading voice in efforts to reform our employment and job training programs and creating a one-stop system that is client oriented.

Mr. Chairman, let me make a few points that are more broadly discussed in the statement I am submitting for the record.

Not long ago New Hampshire's employment and training programs had many of the same problems our Federal system has today. There were almost as many programs as there were people in our State—and that's quite a lot—and they are spread over 26 different agencies. Programs were driven by narrow, categorical goals, or Federal objectives. There was little coordination, frustration levels ran high at all levels, and too much money was chewed up in administrative costs.

In 1987 the New Hampshire Job Training Coordinating Council wrote a blueprint which was nothing short of a complete overhaul of the way we managed employment and training. I have included parts of that report, "A Brighter Tomorrow: Recommendations to Improve New Hampshire's Employment and Job Training Related Services" for the record.

Today there are 155 Federal employment and job training programs which cost the American taxpayer approximately $25 billion a year. We will hear today that many of these programs are duplicative, and program efficiency is mired in layers of bureaucracy.

Further impeding our efforts at reform is the lack of program evaluation, to know what works and what doesn't. We in Washington will have to roll up our sleeves and do what States like New Hampshire have done, and that's going to take a lot of courage. And I am disappointed that because of the weather our Governor wasn't able to be here to talk to you about some of the recent things they are doing, as well.

Let me close by saying a word about the role of Congress in this problem. Congress bears much of the responsibility for the evolution of the problem. Congressional committees want their new programs administered by agencies under their committee's jurisdiction. That's why we have 150 different programs. And again real reform will not occur in employment and training programs

until we, up here—and again, I appreciate your leadership on this—get our house in order. As we sit here today, the Ways and Means Committee and the Agriculture Committee are separately debating welfare and food stamp program reform. These are two huge parts of our Federal training menu. Do you think that these committees are actually coordinating their efforts as they debate these reforms? I would say to you I doubt if they are.

So this is why I asked for this hearing, Mr. Chairman. I hope that we can supply some useful dialog that cuts across all the committees, and certainly in a very nonpartisan way, and I appreciate your leadership. I look forward to the testimony today and hopefully we can get on with turning lemons into lemonade.

[The prepared statement of Mr. Zeliff and the information referred to follow:]

Statement of Congressman Bill Zeliff

Employment, Housing, and Aviation Subcommittee

March 3, 1994

Hearing on Multiplicity of Federal Employment and Job Training Programs

Mr. Chairman, thank you for calling this hearing. I believe the dialogue that is begun today will add significant input as Congress works to reform the way in which our nation prepares and retrains American workers.

Finding effective and meaningful ways to provide job training and employment opportunities to our disadvantaged and dislocated workers is a matter I have devoted a good part of my life to. For ten years, I was a member of the New Hampshire Private Industry Council, both for CETA and JTPA. My state has been a leading voice in efforts to reform our employment and job training programs and creating a one stop system that is client oriented.

Not long ago, New Hampshire's employment and training programs had many of the same problems our Federal system does today. There was little coordination among the myriad programs, program directors reeled from weekly directives from Washington, frustration ran high among caseworkers and clients, and we were swamped with an explosion of Federally mandated advisory boards. In 1987, the New Hampshire Job Training Coordinating Council wrote a blueprint which was nothing short of complete overhaul of the way we managed employment and training.

The report, A Brighter Tomorrow: "Recommendations to Improve New Hampshire's Employment and Job Training Related Services," is as useful to today's Federal debate as it was six years ago in spurring real reform in our state. I have included several of its significant passages in my statement today.

> "The Employment and Training system at the Federal level appears to have no comprehensive strategy or policy. The Federal government historically sends funds into state and local areas to attack each year's new hot political problem areas identified by the media and polls. Congressional committees usually require setting up a new organization to administer these funds and developing a program to deal with the current crisis.
>
> Almost all of these organizations thus created develop an organization from that day forward that tries to perpetuate itself and its administrative structure. This has led to an inefficient, duplicative hodge-podge of agencies and programs on the state and local level, operating independently of each

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other and producing massive fragmentation of effort. Unfortunately, state and local employment and training systems tend to mirror the national fragmentation from whence they were spawned.

Currently, the New Hampshire employment and training system stands as a collection of relatively independent, narrowly targeted programs. Operated by more than 26 different agencies and developed over the course of more than 50 years of state and Federal legislation, the programs lack a clear common mission or coherent policy framework needed to shape them as a powerful tool for employment growth.

As a service system aimed at job seekers and employers, the state's programs present a confusing bureaucratic maze of entry points and eligibility requirements. As tools for dealing with issues of employment and economic development, they can be slow and unwieldy. And while most of the vital pieces are in place, specific gaps in services remain.

These programs have numerous policy making and advisory boards. They have varied administrative and delivery of service mechanisms. They operate with different regulations and many distinct Federal, state, and local funding systems.

All of their planning appears to be done independently in response to Federal guidelines, criteria, and time tables. There is little coordinated planning evident."

As, then-Governor John Sununu said, "States want authority and the flexibility to tailor those programs to our specific needs."

The report concluded, in part:

"We believe that New Hampshire's education and job training programs must be coordinated and structured in order to respond to the diverse training needs of state businesses and workers. Current programs have developed primarily through Federal initiatives that focus services on specific population groups, such as welfare recipients, the handicapped, veterans, dislocated workers, the economically disadvantaged, and the unemployed.

This fragmented multi-system has resulted in the duplication of program services and administrative systems and has created a multitude of program restrictions and limitations.

The system should not be directed by narrow, categorical goals or objectives, but rather, it should be driven by the specific requirements of private industry and the needs of individual workers. It should be client oriented not program oriented."

In Washington, there are 155 Federal employment and job training programs which cost the American taxpayer nearly $25 billion a year. We will hear today that many of these programs are duplicative and program efficiency is mired in layers of bureaucracy. The result, I fear, is that too much money is chewed up paying bureaucrat salaries and never gets to the people who need training.

Further impeding our efforts at reform is the lack of program evaluation to know what works. Much of what we hear that is positive is anecdotal and usually the result of dynamic state and local leaders who have creatively cut through Federal red tape.

Let me say a word about the role of Congress in this problem. Congress bears much of the responsibility for the evolution of this problem. Congressional committees want their new programs administered by agencies under their committee's jurisdiction. That's why we have 155 programs. Real reform will not occur in employment and training programs until we, up here, get our house in order. As we sit here today, the Ways and Means Committee and Agriculture are separately debating Welfare and Food Stamp program reform. These are two huge parts of our Federal training menu. Do you think these committees are coordinating their efforts at reform. I don't.

This is why I asked for this hearing, Mr. Chairman. I hope we can supply some useful dialogue that cuts across all these committees.

BRING DOWN THE BARRIERS

Policy Recommendations from the National Association of State Job Training Coordinating Council Chairs

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Forward

The need for an integrated, high quality, and cost effective human resource investment system has never been more clear. The quality of our workforce will be a critical factor in determining our nation's economic future, our status as a world leader, and our standard of living.

There is wide agreement that the current workforce training system in the United States is not organized to meet the challenges of the future. Separate federal programs operate in the absence of an overarching policy framework that ties them together. Programs are delivered in a fragmented, duplicative manner leading to job training that too often fails to meet individual, workplace, or economic needs.

The National Association of Job Training Coordinating Council Chairs believes it is time for a change. It is time to organize the collection of existing federal programs into a coherent, cost effective, and accountable human resource investment system. It is time to bring down the barriers that separate federal programs and to create the mechanisms by which they can be brought together into a comprehensive system at the federal, state, and local levels.

"Bring Down the Barriers" offers a policy framework for accomplishing this important task. The Chairs' Association considers it a starting point for productive dialogue leading to a more effective and efficient human resource investment system for the nation. The Chairs' Association has encouraged and provided leadership to this dialogue throughout the development of these recommendations. As the letters enclosed from other national organizations with an interest in workforce development suggest, there is general agreement that barriers must be eliminated and a more coordinated, systemic approach to workforce development established. It is this broad agreement on the need for change that offers an opportunity for developing greater consensus on the pathways to change.

The National Association of State Job Training Coordinating Council Chairs believes that the nation's economic future depends on its success in finding common ground from which a more effective workforce development system can grow. The Chairs' Association welcomes the opportunity to facilitate the dialogue that such consensus building will require.

Rodo Sofranac
Chair
National Association of State Job Training
Coordinating Council Chairs

BRING DOWN THE BARRIERS

Policy Recommendations from the National Association of State Job Training Coordinating Council Chairs

Introduction

The need for a coordinated, integrated, cost-effective human resource investment system has never been more clear. The workforce, its abilities and capabilities, will be one--if not the most important--determining factor in our economic future. And our country's economic future will be synonymous with our future as a world leader. More importantly, it will determine how well we and our children can expect to live in the 90's and beyond.

Given the critical need for a "world class" human resource investment system, what do we have in place today? The system that has been created at the federal level is little more than a collection of programs developed by various congressional committees in response to particular needs of targeted populations. They are programs that provide a wide array of similar, often identical services. They are programs that in many instances serve the same people. They are programs that individually are underfunded but collectively spend nearly $10 billion a year. In the final analysis, they are programs that for the most part go about their job in a totally independent fashion, resulting in a fragmented response to the interrelated needs of the people who need their help. The federal programs that fall into this category include the following.

- Job Training Partnership Act.
- Carl Perkins Vocational and Applied Technology Education Act.
- Adult Education Act.
- Job Opportunities and Basic Skills Training Title of the Family Support Act.
- Economic Dislocation and Worker Adjustment Assistance Act.
- Trade Adjustment Assistance Act.
- Wagner-Peyser Act.
- Vocational Rehabilitation Act.
- Food Stamps, Employment and Training Programs.
- Refugee Assistance Act.
- State Legalization Impact Assistance Grants.
- Stewart McKinney Homeless Assistance Act, Employment and Training.
- Title V, The Older Americans Act.

Program Recommendations

While there is strong sentiment for a total rebuilding of the system from the ground up, reality dictates that every effort be made to work with the existing collection of programs to form them into a rational, cost-effective, accountable human resource investment system. To accomplish this, the legal and institutional barriers that have provided reasons for keeping these programs apart must be brought down. To that end, the State Chairs' Association strongly recommends that Congress and the federal government take the following action regarding these programs:

1. Develop and require all programs to use a core information system with uniform terms and definitions. This core system should at a minimum capture basic demographic information, record services provided, and report outcomes obtained. The system should be set up so that all programs share information and can eliminate duplicative data collection. (See Attachment A for examples of terms to be considered for standardization.)

3. Encourage local jurisdictions to establish Human Resource Investment Boards to oversee all programs at the local level and be vested with the authority to approve or disapprove local plans for federal funds. The majority of human resource investment services are delivered by local program providers, and while the state and local role differs vastly, the idea of a private sector/government board at the local level, with the authority to require integrated planning and to provide a single point of oversight and accountability, is believed to be essential.

   Local elected officials would be charged with the responsibility of establishing a private sector/government board to fulfill this function. Existing PICs may be used if appropriate, but if unable to handle the function, local elected officials would be able to reconstitute a more appropriate PIC for this purpose. In order to be successful, PICs or reconstituted PICs will need to include individuals who have responsibility for or experience and expertise with other human resource development programs such as literacy, vocational education, skill upgrading, unemployment insurance, economic development, postsecondary student financial aid programs, and so forth.

The Chairs' Association believes that change to our existing system is critically needed if we are to create a world class workforce. The changes outlined will provide an opportunity for states and local jurisdictions to move aggressively to pull the existing programs together as one system that can address the needs we face, be accountable, and make the greatest use of the available resources.

ATTACHMENT A

SELECTED TERMS TO BE CONSIDERED FOR STANDARDIZATION

It is understood that the standardization of all the terms listed below may not be feasible initially. Immediate work on common definitions should focus on those terms that affect eligibility determination.

Adult
Allowable support services
Applicant
Assessment
At risk
At-risk youth
Barrier to employment
Basic employability skills
Basic academic skills
Case closure
Case management
Characteristics
Citizenship
Clients
Competencies
Completer
Confidentiality
Coordination
Core demographic
Counseling
Dependent
Disallowed income
Dislocated worker
Displaced homemaker
Economically disadvantaged
Educational placement
Educationally disadvantaged
Emancipated youth
Employability development plan
Employable
Employed
Enrollment
Entered employment
Exemplary programs
Family
Family income
Follow-up
Foster child
Gross wages
Handicapped
Holding status/period of known activity
Homeless
Income disregard
Individual

ATTACHMENT B

FISCAL BARRIERS

Cost Categories

Cost categories vary dramatically from program to program, making it difficult to manage programs funds by multiple sources. For example, JOBS requires each dollar spent to be identified with ten or eleven program activities and two different matching rates. JTPA has three specific cost categories: administration, direct training services, and training-related and supportive services. Support and administration are defined differently in JTPA and JOBS. EDWAA has some similar, but some different, cost categories: administration, support services and needs-related payments, retraining, basic adjustment, and rapid response. The Adult Education Act requires state and local matching. AEA state administrative expenses include all management and supervisory expenditures and expenditures for state advisory councils. At the local level, 95 percent of the grant must be spent on adult education instructional activities. The remaining funds may be used for local administrative costs, including planning, administration, evaluation, personnel development, and coordination. Other AEA cost categories at the state level include programs in public housing, special projects, and teacher instruction. Instructional programs include local expenditures for client training. The vocational education legislation has categories for state administration, state leadership, sex equity, offenders, and single parents and displaced homemakers.

Cost Limitations

Cost limitations now are defined differently across programs. For example, JTPA Title IIA and IIC allow up to 20 percent to be spent on administration, and no less than 50 percent on direct training. Alternatively, JOBS does not have cost limitations, except as they impact on matching rates; JOBS does have minimum cost levels for target groups. EDWAA has three cost limitations. First, 50 percent of annual SSA expenditures must be on retraining services. Second, end-of-year administrative expenditures are not to exceed 15 percent of total program year expenditures. Finally, there is a cap of 25 percent for support services and needs-related payments at the state and substate level. As of July 1, 1991, there was a 5 percent cap on state administrative expenses under the Adult Education Act. Local administrative costs are equal to 5 percent, but this amount is subject to negotiations with the state education department. Funds for the AEA's state-level special demonstration projects and teacher training programs currently are pegged at not less than 15 percent of the state grant; of this, two-thirds must be spent on training. AEA also contains a 10 percent setaside for institutionalized adults and allows the state to determine the setaside for public housing authority programs. The Perkins legislation allows 5 percent or $250,000 for state administration, whichever is higher; of this amount $60,000 must be spent for sex equity administration. The federal funds also must be matched dollar for dollar with state funds. Both the AEA and Perkins legislation also require "maintenance of effort" at the state and local levels. States and local agencies must match or exceed their expenditures in the previous year.

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ATTACHMENT C

COMMENTS FROM OTHER NATIONAL ORGANIZATIONS

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July 2, 1993

Rodo Sofranac, Chair
National Association of State Job Training Coordinating Council Chairs
c/o National Governors' Association
Hall of the States
444 North Capitol Street, Suite 250
Washington, D.C. 20001

Dear Mr. Sofranac:

I commend you for your work on the recent policy paper published by the National Association of State Job Training Coordinating Council Chairs entitled "Bring Down the Barriers." The goal promoted by the paper of moving toward a coordinated, comprehensive workforce development system for the Nation, is a goal the National Alliance of Business has supported for a number of years. This is a concept being tested in a number of states through experiments that improve service delivery among a variety of separate but related programs aimed at workforce quality. I believe the experience of the states will eventually serve to inform national policy. In the interim, your paper calls for federal action to help the states create integrated workforce development strategies with existing programs.

As you know, the Alliance looked last year at a number of state models as well as experiments in Great Britain to distill lessons for discussion at the state and federal levels. Our aim, like yours, was to increase momentum nationwide to move toward effective management of education and training services in partnership with business. The book that resulted from our work -- Building a Workforce Investment System for America -- promotes concepts that are similar to those in your organization's paper.

I look forward to working together on workforce development issues, and I endorse your effort to disseminate your policy paper "Bring Down the Barriers."

Sincerely,

W. H. Kolberg

William H. Kolberg
President

1201 New York Avenue, NW Washington, DC 20005-3917
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NATIONAL ASSOCIATION OF PRIVATE INDUSTRY COUNCILS

July 2, 1993

Mr. Rodo Sofranac
Chair
National Association of State Job Training
Coordinating Council Chairs
National Governors' Association
400 North Capitol Street
Washington, DC

Dear Mr. Sofranac:

On behalf of the Board of Directors of the National Association of Private Industry Councils (NAPIC), I am writing to express our Association's support for your policy paper, "Bring Down the Barriers." We appreciate the many opportunities afforded NAPIC by the National Association of State Job Training Coordinating Council Chairs to review and comment as this policy paper was developed. Your efforts to forge a consensus among the many groups with a significant stake in the future direction of workforce investment policy in the United States is to be commended. Because of these efforts, I am confident that our associations, as well as many other organizations and groups, can better work together to ensure that our shared vision of an American workforce development system becomes a reality.

NAPIC shares your concern that the United States lacks a coherent workforce development system. We believe it is time for a change. It is time to organize the collection of existing federal and state programs into a coherent, effective, and accountable human resource investment system. As so effectively pointed out in your policy paper, it is time to bring down the barriers that separate federal programs and to create the mechanisms by which training and education programs and services can be brought together into a comprehensive system at the federal, state, and local levels.

It is the view of NAPIC that State Job Training Coordinating Councils and Private Industry Councils must serve as the foundation for expanded workforce development councils. Our councils represent both the business stake in public policy and the partnership which is essential between business, labor, education, community organizations, and the public sector. We share your endorsement of local human resource investment councils and

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Executive Director
J. THOMAS COCHRAN

May 26, 1993

Mr. Rodo Sofranac
Chair
National Association of
State Job Training Coordinating
Council Chairs
c/o National Governors' Association
Hall of the States
444 North Capitol Street
Washington, D.C. 20001-1572

Dear Mr. Sofranac:

"Bring Down the Barriers," the policy document prepared by your organization summons federal lawmakers to give local elected officials the responsibility for establishing private sector/public sector boards to provide integrated planning, oversight and accountability for all local human resource investment programs. Because it outlines a strong role for local jurisdictions and the local elected officials, The U.S. Conference of Mayors strongly supports it.

Thank you for giving me a chance to review your policy paper.

Sincerely,

J. Thomas Cochran
Executive Director

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National Association of State JTPA Liaisons

May 5, 1993

Mr. Rodo Sofranac, Chair
National Association of State Job Training
Coordinating Council Chairs
c/o National Governors' Association
444 North Capitol Street, Suite 267
Washington, DC 20001

Dear Mr. Sofranac

Thank you for the opportunity to participate in the development of the Chairs' Association's paper, "Bring Down the Barriers". The National Association of State JTPA Liaisons shares your enthusiasm for removing the barriers to coordinating federal workforce development programs and applauds your efforts to articulate both systemic and practical ideas for doing so. In particular, we support the idea of a federal instumentality that would be empowered to grant waivers of certain federal laws and regulations in order to facilitate program coordination, integration, and experimentation

The concepts expressed in "Bring Down the Barriers," are a welcome addition to the dialogue on creating a coherent national human resource investment system. The National Association of State JTPA Liaisons looks forward to working with the Chairs' Association to move this important goal forward.

Sincerely,

Ray O. Worden
Chair

Chair: Ray O. Worden, Executive Director, New Hampshire Job Training Council
64 Old Suncook Road, Concord, NH 03301 Phone 603-228-9500 FAX 603-228-8557
Vice Chair: Joel C. New, Director, North Carolina Employment and Training
111 Seaboard Avenue, Raleigh, NC 27604 Phone 919-733-6383 FAX 919-733-6923

NATIONAL COMMISSION FOR EMPLOYMENT POLICY
1522 K Street, NW, Suite 300
Washington, D.C. 20005

Chairman

(202) 724-1545

June 9, 1993

Mr. Rodo Sofranac
Chairman
National Association of State
Job Training Coordinating Council Chairs
% Martin Simon
National Governors' Association
444 North Capitol Street
Washington, D.C. 20001

Dear Rodo:

On behalf of the National Commission for Employment Policy, I would like to thank you for the opportunity to comment on the SJTCC Chairs Association paper titled "Bring Down the Barriers" and your proposal for a Federal Human Resources Investment Board (FHRIB).

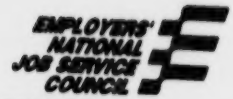
The Commission agrees with you about the need for a core information system with uniform terms and definitions. As the Commission noted in its October 1991 report *Coordinating Federal Assistance Programs for the Economically Disadvantaged: Recommendations and Background Materials*, the problems caused by the multitude of regulations, procedures, documentation requirements, and terminology have frustrated greatly those who administer and implement public assistance programs at the state and local level. In that report, the Commission recommended that the agencies that administer public assistance programs develop a common framework for streamlining eligibility requirements and formulating standard definitions and poverty measures. We also offered other recommendations that addressed the coordination problems that you raise in your paper.

Although the Commission believes that your proposed redesign of the FHRIB is an improvement over previous versions, the Commission is unable to endorse the creation of a new, independent employment and training agency with the authority to grant waivers to existing laws and regulations. We continue to believe that such activities and authority should remain within the domain of the White House or the Executive Office of the President.

Once again, thank you for the opportunity to comment on your policy paper.

Sincerely,

John C. Gartland



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June 22, 1993

Rodo Sofranac, Chair
National Association of
State Job Training Coordinating Council Chairs
c/o NGA
Hall of States
444 North Capitol Street
Washington, D.C. 20001-1572

Dear Mr. Sofranac:

This is in response to your request that ENJSC endorse the 'Bring Down the Barriers' paper produced by your organization.

As has been discussed in your conversations with our Executive Director, Margaret Brannon, we commend your Association for taking the much needed initiative to develop a policy framework for creating a more coherent human resource investment system. We believe the coordination concept put forth in this paper is a sound beginning, and hope that it will result in even deeper changes which are needed to truly redesign the entire workforce development infrastructure to better meet the needs of applicants and employers.

However, I can not endorse the paper as currently written.

Our major concern is that in Recommendation 3, only PIC's are suggested as a possible entity for fulfilling the role of local Human Resource Investment Boards. We believe that if specific organizations are mentioned, other existing employer groups, such as Job Service Employer Councils, should also be specified as a possible entity to assume that function.

We would also like to put forth the concern that if local elected officials will be charged with the responsibility of establishing the private sector/government board, safeguards should be included to preclude strong partisan influences and patronage systems.

Our third reason for declining to be a co-signer at this time is that we would want to poll each of our state committees before an endorsement is made.

Again, we applaud you for developing the concept and for the initiative to put it before the national policy makers. Thank you for your invitation to organizations such as ours which are also involved with workforce development issues. If further consultation and development of 'Bring Down the Barriers' results from your efforts to date, we would be happy to provide assistance and input throughout the process.

Thank you.

Sincerely,

Gary Johnson

Gary Johnson
President
EMPLOYERS' NATIONAL JOB SERVICE COUNCIL, Inc

NATIONAL ASSOCIATION OF STATE
NASCOVE
COUNCILS ON VOCATIONAL EDUCATION
c/o Nevada Council on Occupational Education
1802 North Carson St., Suite 212
Carson City, NV 89701
702-882-7112/Fax 702-882-7113

June 15, 1993

Mr. Rodo Sofranac, President
National Association of SJTCC Chairmen,
5524 East Lafayette Blvd.,
Phoenix, Arizona 85018

Dear Rodo,

Thank you for taking the time to meet with me, Mike Rask and members of the Arizona State Council of Vocational Education on Wednesday, May 26, 1993. Our discussion points out the importance of the leadership of your organization and the National Association of State Councils on Vocational Education (NASCOVE).

I discussed our meeting with the NASCOVE Board of Directors during our recent annual meeting in Washington D.C. They were most supportive of our organizations developing a channel of communication so that we can coordinate our missions to improve vocational education and job training.

The NASCOVE Board also discussed your request for an endorsement of your paper "Bring down the Barriers". Our board members have read the paper thoroughly and do have some concern with respect to its content.

You are aware, I am sure, that NASCOVE has been opposed to the creation of the State Human Resource Investment Councils because of the threat they pose to the State Councils on Vocational Education. Several states have already organized a "Super Council" and have eliminated the State Council. Your paper endorses the SHRIC in section 7, on page 7.

We particularly have a problem with the elimination of State Councils in states where the council members are appointed by an elected State Board of Education, as is the case in Nevada. We are not sure how a Governor can override the Board of Education.

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THE NATIONAL ASSOCIATION OF STATE COUNCILS ON VOCATIONAL EDUCATION RECOMMENDS THAT:

1. a state coordination body which may, or may not be, called a State Human Resource Investment Council (SHRIC), be established for the specific purpose of enhancing coordination of human resource development programs and to accept such reports, findings and recommendations as may be required of individual councils under applicable human resource investment programs;

2. each state maintain a structure of separate state councils for Adult Education, for Job Training, and for Vocational Education charged with addressing the specific requirements of each federal act named in Title VII. The councils should organize themselves into an informational network submitting all reports required by federal law to the coordination body for assimilation into their analysis of needs and reporting to the individuals and agencies required in Title VII;

3. the development of a single statewide analysis of needs for economic development, human resource development, and support services to be developed in a collaborative effort among councils serving the mandates of each of the applicable federal human investment programs identified in Title VII of the Job Training Reform Amendments of 1992;

4. the development of a single statewide analysis of the adequacy and effectiveness of programs directed toward human resource development, prepared through a collaborative effort among councils serving the mandates of each of the applicable federal human investment programs identified in Title VII of the Job Training Reform Amendments of 1992;

5. that the membership of the state's coordination body be composed of individuals addressing concurrent terms of a state council serving the special program issues identified in the federal human investment applicable acts, and representative of categories designated in Title VII of the Job Training Reform Amendments of 1992, and additionally those agency administrators directly responsible for applicable federal human resources programs, representing their agency chiefs;

6. to the extent possible, the coordination body should develop a formal plan to achieve the purposes of the body, capitalizing upon the reports prepared by the State Councils in compliance with federal law;

7. an annual conference be convened to which all members of affected federally mandated councils and all involved agency chiefs are invited; and,

8. the state coordination body should consider the following ISSUES when planning for coordination:

   a. A written cooperative agreement for use with participating agencies governing authorities.

   b. A description of all common participant goals (e.g., job placement, career exploration, placement services.) for all federally supported human resource development efforts;

   c. A description of current activities conducted regardless of funding source(s).

   d. Where common goals exist and program standards are established, uniform definitions of program participant eligibility should be used when like sources of funds are available to serve such participants.

   e. Development of a granting process within the State which will guarantee common distribution of grant proposal information.

   f. A priority for funding of programs that demonstrate operations in support of common goals and the use of multiple funding sources.

   g. Development of an evaluation process which should be used to evaluate programs that have been served through the coordination body.

Mr. PETERSON. Sounds good. Just get the snow out. It's been going on long enough.

Mr. ZELIFF. We know how to turn snow into money. That's what we do in New Hampshire. It's a new work ethic.

Mr. PETERSON. Any other members that have statements, we will make them part of the record without objection. Do you have a more lengthy statement, Mr. Zeliff, that you want to make?

Mr. ZELIFF. Yes.

Mr. PETERSON. OK. We'll make that part of the record as well.

Mr. ZELIFF. Thank you.

Mr. PETERSON. Our first panel of witnesses this morning includes Clarence C. Crawford, Associate Director of the Human Resources Division, Education and Employment Issues of the General Accounting Office. If you want to come forward Mr. Crawford.

And Mr. Rodo Sofranac, who is with the National Association of State Job Training Coordinating Councils, and the chair of the Arizona SJTCC. Mr. Sofranac has graciously agreed to substitute for Governor Merrill, and he will present some of the recommendations of the National Governors' Association as well as the views of the National Association of State Job Training Coordinating Councils.

At this point, without objection, I'd like to put in the record a letter dated January 26, 1994, from the Governors' Association to President Clinton. Without objection, so ordered.

[The letter follows:]

NATIONAL GOVERNORS' ASSOCIATION

Carroll A. Campbell, Jr.
Governor of South Carolina
Chairman

Howard Dean
Governor of Vermont
Vice Chairman

Raymond C. Scheppach
Executive Director

Hall of the States
444 North Capitol Street
Washington, D.C. 20001-1512
Telephone (202) 624-5300

January 26, 1994

The President
The White House
Washington, DC 20500

Dear Mr. President:

Together we represent the leadership of the National Governors' Association on education, welfare reform, and job training issues. We have been actively engaged with your administration over the past year in developing proposals to reform the welfare system and the education system, and to restructure aid to dislocated workers. We believe such reform is necessary to achieve important goals that we all share, such as developing a high-skill, high-wage workforce, building a prosperous economy, and fostering strong, self-sufficient families.

A common thread running through many of these diverse reform efforts is how best to deliver job training services to youth and adults. For example, the Department of Education is rethinking the role of student aid programs in funding job training; as you know, student aid is currently the single largest source of federal funding for job training. The Department of Health and Human Services is proposing a vast expansion of its employment and training program for welfare recipients. The Department of Labor will soon release its proposal to restructure and greatly expand assistance to dislocated workers, and to promote 'one-stop career centers' for DOL-funded job training programs. The department also plans this year to begin redesigning its job training program for low-income adults, Title II of the Job Training Partnership Act.

We welcome this attention to workforce development issues and, indeed, a number of the proposed changes are ones which the Governors have long supported. We have seen over the past year, however, that just as responsibility for job training is scattered across numerous federal agencies, reforms in these programs are proceeding in a piecemeal way which mirrors and will add to the fragmentation of federal job training efforts. Unless a serious effort is made soon to integrate these reform efforts before legislative proposals are introduced, we will all lose an important opportunity to consolidate and improve these programs in ways that benefit both taxpayers and the customers of job training services.

We would like to propose forming a joint work group with your administration to address this problem. The work group would be composed of senior staff of the Governors most active on workforce development issues and appropriate staff representatives from the White House and the relevant federal departments. The purpose of the work group would be to ensure that any changes in federal job training programs -- including federal student aid -- fit into a larger strategy for creating high-quality, well-integrated workforce development systems at the state and local level.

This joint work group could pursue this national strategy to promote integrated workforce development systems in two ways. First, the group could help the government change the way it does business by helping federal agencies develop job training initiatives in an integrated way so that, taken together, these initiatives reduce rather than increase the existing problems of different eligibility and reporting requirements, and fragmented lines of authority for operating programs. To date in your administration, the departments have relied chiefly on new waiver authority to promote better coordination of programs. We welcome this new flexibility, however, we believe that it will not be enough. The federal government must also address the tough work of developing a coherent, integrated workforce development policy.

Second, the work group could explore ways, in addition to waiver authority, to increase state and local flexibility in administering job training programs. Where political obstacles prevent integration of programs at the federal level, better access to higher quality job training and employment services can best be achieved by giving states the flexibility to integrate similar programs, to determine the appropriate governance structure for state workforce development systems, and to set high, outcome-based standards for services. New waiver authority is helpful to a certain extent, but as a nation we will move very slowly toward the goal of integrated workforce development systems if each state must apply separately to each different federal department for permission to integrate programs.

In sum, we believe that efforts to reform and expand workforce development programs must recognize that these programs share many of the same customers. We would like to work closely with your administration to ensure that each job training initiative complements the others, and that their combined effect is higher quality, more integrated, and more accessible workforce development systems. We look forward to hearing from you soon.

Sincerely,

Governor Carroll A. Campbell Jr.
Chair, National Governors' Association

Governor Howard Dean
Vice-Chair, National Governors' Association

Governor Pete Wilson
Chair, Human Resources Committee

Governor David Walters
Vice Chair, Human Resources Committee

Governor Jim Edgar
Co-Chair, Education Leadership Team

Governor James B. Hunt Jr.
Co-Chair, Education Leadership Team

Governor John Engler
Co-Chair, Welfare Reform Leadership Team

Governor Tom Carper
Co-Chair, Welfare Reform Leadership Team

cc: The Honorable Robert B. Reich, Secretary of Labor
The Honorable Richard Riley, Secretary of Education
The Honorable Donna E. Shalala, Secretary of Health and Human Services

78-876 O - 94 - 2

Background Information on NGA Initiative to Integrate Job Training Programs

The Governors adopted a workforce development policy at the NGA annual meeting last August that urges the federal government to integrate and consolidate federal job training programs and to give states more flexibility to create unified workforce development systems at the state level. Progress on implementing this policy, however, has been hindered by the fact that various federal departments are simultaneously moving forward with separately-developed employment and training initiatives. It appears that no one in the Administration is responsible for seeing that all of these initiatives fit together. NGA is concerned that an opportunity may be lost for simplifying and consolidating federal job training efforts, and that these new initiatives, if pursued separately, may in fact make it harder for states to efforts to build integrated workforce development systems. NGA efforts to address this problem within the context of each separate job training initiative have met with resistance because each department is often unwilling or unable to put forward proposals whose scope goes beyond its own department's programs.

NGA approached the Administration about forming a joint work group to resolve this issue through a letter sent to the President on January 20th, 1993. The problem is described in more detail below. If the Administration responds with a willingness to form such a group, NGA will notify Governors and give them an opportunity to designate staff to participate in the group's work.

The Problem of Multiple and Overlapping Federal Job Training Programs

The General Accounting Office estimates that there are currently more than 150 federal job training programs run by 14 different federal agencies. The number of new programs has grown steadily in recent years. The Administration has embarked on a variety of employment and training initiatives that create new programs and restructure existing ones. But these initiatives are scattered across a number of different departments and, with the exception of the school-to-work bill, have not been developed jointly and so preserve the existing fragmented administration of programs. Examples:

1. The Department of Labor's proposed legislation to create "one stop career centers" focuses only on consolidation of DOL programs and creates waiver authority only for DOL programs. NGA has told DOL that existing state one-stop initiatives generally involve programs funded by other departments -- especially welfare-to-work programs -- and that their proposal needs to be broader and more flexible. DOL's response has been that they lack the authority to develop a proposal involving programs outside their department, and they don't want to slow down or complicate their own proposal by jointly developing it with other departments.

2. The Administration's draft welfare reform plan, which was written by HHS, would put about twice as many people in welfare employment programs as are now served by all DOL and HHS job training programs combined. The plan contains no references to employment and training programs outside HHS, and the section on reinventing government addresses only the simplification and integration of income assistance programs -- not training programs. Yet most participants in the current HHS welfare-to-work program rely on services from other DOL and ED programs, and conflicting rules between programs in the three departments have created numerous problems for states.

3. The Department of Education has begun an initiative to restructure student aid programs, and in particular, to rethink whether student aid should continue to be the largest single source of federal funding for job training. So far no other department has been involved. Any changes here would have enormous implications for all other employment and training programs since student aid funds much of the training for their clients.

This problem really has two aspects. The first challenge is to persuade the Administration to develop its job training initiatives in an integrated way so that, taken together, they don't increase the existing problems of different eligibility and reporting requirements, and fragmented lines of authority for operating programs. For example, since the same disadvantaged adults are served by federal welfare reform, student aid, and Job Training Partnership Act programs, Administration reform efforts in all three of these areas should be cross-walked as they are developed so as to minimize problems for clients, and for states and localities.

The second challenge is to work for more flexibility in Administration employment and training proposals so that to the extent that Congress isn't willing to consolidate these programs at the federal level, Governors have the ability to integrate them at the state level. The Administration has shown a willingness to include new waiver authority for states in a number of its legislative proposals. Such waiver authority is helpful, but still means that each state has to apply separately to each of the different departments in order to build an integrated workforce development system. So far individual departments have not been responsive to NGA recommendations for simpler mechanisms for increasing state flexibility to consolidate job training programs.

Mr. PETERSON. We're looking forward to hearing your testimony. As you may be aware, it's a custom in our Government Operations Committee that because they're investigative hearings that we swear in all witnesses so we don't discriminate against any of them. So if you have no objection, we'll do that.

[Witnesses sworn.]

Mr. PETERSON. Thank you, be seated. Your written statements will be entered in the record in their entirety, so if you want to summarize or hit the high points—again, welcome to the committee. We appreciate you being with us.

STATEMENT OF CLARENCE C. CRAWFORD, ASSOCIATE DIRECTOR, HEALTH, EDUCATION, AND HUMAN SERVICES DIVISION, EDUCATION AND EMPLOYMENT ISSUES, GENERAL ACCOUNTING OFFICE, ACCOMPANIED BY SIGURD NILSEN, AND ROBERT ROGERS, ASSOCIATE DIRECTORS

Mr. CRAWFORD. Thank you, Mr. Chairman, and members of the subcommittee. We are indeed happy to be here today to share with you the results of our work on the fragmented system of employment training programs, and to discuss briefly the administration's proposal for consolidating dislocated worker programs.

I'd like to at this time introduce the two people who have accompanied me to the table, Sigurd Nilsen and Robert Rogers. Both of these individuals have been responsible for much of our work over the past few years in the employment training arena.

By our count there are now at least 154 programs administered by 14 departments and agencies, providing about $25 billion in assistance to out of school youths and adults. Turning your attention to the chart on your left, within those 14 departments and agencies there are about 35 major offices that administers programs that provide employment training assistance. We have provided copies of these charts for the members, and the charts can also be found in the appendix of the testimony.

If you're having difficulty following the chart, that's part of the message. Many people are involved in the administration of these programs.

Mr. PETERSON. This isn't as bad as Senator Dole's chart about the health care system, though. It's close, but it doesn't win the prize. [Laughter.]

Mr. CRAWFORD. When viewed individually these programs have a well-intended purpose. However, the current system is fraught with problems and past efforts to fix the problems have fallen short—which leads us, Mr. Chairman, to believe that the current system needs to be overhauled and consolidated. A new system should be created that is customer oriented and focuses its attention on helping workers and employers.

Let me just quickly highlight some of the problems. They're well-documented and they're covered in detail in the testimony. But the current system confuses clients, it frustrates employers. There is a survey that was done of employers in the State of Washington which found that 60 percent of the employers felt that they had difficulty locating qualified workers, and about one-third of those employers also felt that the system was too slow to respond to their needs.

Also we found that the National Governors' Association reported that there isn't a strong link between the employment training programs and economic development activities in the States. It's nice to train people for jobs, but it would be really great to have jobs there once the people are trained.

The programs are difficult for staff to administer, as well. For example, for the economically disadvantaged there are six standards to define low income, five definitions of family and household, and five methods for computing income.

All too often the services that people receive are not tailored to their needs. There isn't an independent assessment. Programs, for example, that you're familiar with, the Trade Adjustment Assistance program and the EDWAA program, are a couple of good examples. If you end up with Trade Adjustment Assistance, more than likely, you will get long-term training and very little OJT. If you go to EDWAA you are more likely to get OJT and relatively few engage in long-term training.

Sometimes service providers are the ones doing the assessments, and they have a financial stake in steering clients to a particular service. And again, there is not always a clear link between programs and the labor market to understand and know the needs of employers.

On administrative costs—Congressman Zeliff, we agree with you—it's difficult to get your arms around just how much of the money is going toward administration. We found that administrative cost guidelines range from 7 to 15 to 20 percent, with some programs apparently not having clear guidelines at all.

A couple of major national commissions looked at the programs essentially effecting the economically disadvantaged and concluded that eliminating the duplication could result in significant cost savings, and those funds could be used to serve individuals in need.

Turning your attention to your right, we have a couple of charts here that highlight State programs. Now in both instances I want to mention that these charts represent States that are attempting to rationalize the employment training programs. And this is what States face in attempting to administer Federal categorical programs. These programs have separate accounting——

Mr. PETERSON. I think this one here beats Dole's charts. [Laughter.]

Mr. CRAWFORD. But here you have the States of Massachusetts and Washington that are attempting to rationalize these programs. It's not easy for them. States have done a lot. In the area of accountability we agree there needs to be a better understanding of how well the programs are working, whether the programs actually make a difference in the lives of individuals. We need to know whether people are getting jobs. In some programs, like the JTPA program for the economically disadvantaged, we've tended to track funding sources rather than track individuals, the participants.

The Trade Adjustment Act program doesn't have clearly established program goals. And as we and others have documented, these programs are vulnerable to waste, abuse, and mismanagement.

There have been efforts in the past to fix the problem, but they tended to be one-time efforts that didn't address the major prob-

lems, nor did they address all of the programs. In the 1960's we created three large programs; in the 1970's we created CETA; in the 1980's it was the Job Training Partnership and some improvements to the Perkins Voc Ed; in the 1990's we focused more on standardizing terms and reducing barriers to coordination.

But just in wanting to quote from the letter that you mentioned, Mr. Chairman, to the President, it says here that, "Just as responsibility for job training is scattered across numerous federal agencies, reforms in these programs are proceeding in a piecemeal way which mirrors and will add to fragmentation of federal job training efforts."

Restructuring the programs will not be easy. There are a lot of ways to fix the program. What we have done, based on our work and the work of many respected researchers and State officials, suggests that the new system needs to be customer oriented with a couple of major goals—help workers acquire skill and help employers locate qualified candidates. We recognize this will not be easy, but we think a system consisting of fewer programs—perhaps you could build it around target populations.

And in that regard I wanted to briefly talk about the administration's proposal for dislocated workers and then we could have a more indepth discussion in question and answer. We think it's a step in the right direction. From what we've seen this preliminary proposal seems to consolidate dislocated worker programs. It seems to eliminate some of the confusion over the different eligibility requirements. It appears that they are going to insist upon better accountability and tracking and understanding of effectiveness.

But again, there are still questions that remain. It is not clear, for example, whether there is going to be independent assessment. It seems that is what they're implying. We're not sure how the career centers and the one-stop shopping centers will function, whether the one-stop shopping centers will become the 155th program, or whether it will, in some way, try to consolidate programs at the local level. It's not quite clear.

And at the same time, even if we were to build a system around target populations we would still have to deal with some of the special—the general purpose programs, like the employment service. We think the President's proposal is probably a step in the right direction. But it can't be an isolated step, it has to be dealt with in the context of overhaul of the entire system.

As you begin to overhaul the system you have to decide what target populations will be served and what services are provided to people. Again, it appears that when the President's proposal is presented for dislocated workers, the Congress will have an opportunity to look at the definition of dislocated workers. You'll have an opportunity to narrow or to expand the definition. You'll have an opportunity to look at the services and make sure these are the services that you really want to provide.

The same kind of thing would have to happen with the other populations. We think the redesign should include or have input from the major stakeholders, client representatives, employers, State and local officials, and service providers. Have these stakeholders helped to identify what has worked, and how that can be built-in to the new system.

Based on our work and the work of others we have identified several principles. We distilled them to just four guiding principles for sake of this testimony. They are simplicity, tailored services, administrative efficiency, and accountability.

Concerning simplicity, we're saying that the system should be easy for people to understand—those that are in need of services, those that are charged with providing the services, and employers who are looking for qualified employees. We feel that the services should be tailored to the needs of the individual, these should be independent assessment. And we should also understand what employers want.

On that note let me thank the chairman and ranking member for your insight in requesting another GAO study that will look at the issue of job matching—where are the people, what kinds of skills do they have, what kinds of jobs are coming online, where will the jobs be located?

On the administrative efficiency we feel that you should have as few programs and structures as possible so that the money that is being appropriated actually goes to those in need.

Concerning accountability, we think there should be very clear goals—what are we trying to accomplish? We should make sure that the money is not being misappropriated, wasted, or abused. We should clearly know what are the desired outcomes we want these programs to produce, and we should have periodic reviews to determine the effectiveness of the programs.

In closing, Mr. Chairman, again, we are convinced that major overhaul and consolidation are needed to create a customer-oriented system that serves workers and employers. We recognize it's not going to be easy, it can't happen overnight.

Mr. Chairman, this concludes my prepared statement. I'd like to point out that you and the ranking member know that we're preparing a report that addresses these issues in greater detail and that report will be available shortly.

At this time we'd be happy to answer any questions that you or other members of the subcommittee may have.

[The prepared statement of Mr. Crawford follows:]

United States General Accounting Office

GAO

Testimony

Before the Subcommittee on Employment,
Housing, and Aviation
Committee on Government Operations
House of Representatives

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MULTIPLE EMPLOYMENT TRAINING PROGRAMS

Major Overhaul Is Needed

Statement of Clarence C. Crawford, Associate Director
Education and Employment Issues
Health, Education, and Human Services Division

GAO/T-HEHS-94-109

SUMMARY OF TESTIMONY BY CLARENCE C. CRAWFORD
MULTIPLE EMPLOYMENT TRAINING PROGRAMS
MAJOR OVERHAUL IS NEEDED

By our count at least 154 programs administered by 14 federal departments and agencies provide about $25 billion in employment training assistance. Faced with stiff global competition, corporate restructuring, and continuing federal budget constraints, the federal government can no longer afford to invest in a system that may waste resources and may not help people better compete for jobs. While many agree that change is needed, how to create a better system has sparked much discussion.

PROBLEMS INHERENT IN THE CURRENT FRAGMENTED SYSTEM

When reviewed individually, the more than 150 programs providing employment training assistance have well-intended purposes. However, collectively the current array of programs "...is bewildering and frightening to clients--and even, in some cases confuses the professionals who operate the programs." And, too often it does not tailor services to the needs of the unemployed. Further, some programs do not know whether participants obtain jobs. Also, there are at least 21 separate federal and state committees or councils with interprogram coordination functions. Many of these receive federal funding. Finally, "Eliminating duplicate bureaucracies will reduce administrative costs, saving money that can be used, instead, for client services."

PAST EFFORTS TO FIX THE SYSTEM HAVE FALLEN SHORT

As you are well aware, past efforts to fix the system have fallen short of solving the substantial problems. These efforts were usually one-time "fixes" that either did not address all the major concerns or did not include all the major programs. The National Performance Review noted that, "Government programs accumulate like coral reefs--the slow and unplanned accretion of tens of thousands of ideas, legislative actions, and administrative initiatives."

RESTRUCTURING THE CURRENT ARRAY OF PROGRAMS AND THE ADMINISTRATION'S PROPOSAL

We are convinced that a major structural overhaul and consolidation of employment training programs is needed. The result would be to create a customer-driven employment system consisting of significantly fewer programs. This will not be easy and cannot occur overnight. The Administration is headed in the right direction with its proposal to consolidate programs serving dislocated workers; however, this consolidation needs to be part of a larger restructuring of employment training programs.

Mr. Chairman and Members of the Subcommittee:

We are pleased to be here today to discuss the results of our work concerning the fragmented "system" of employment training programs and the Administration's proposal[1] for consolidating programs that specifically target dislocated workers. By our count, at least 154 programs administered by 14 federal departments and agencies provide about $25 billion in employment training assistance to out-of-school youth and adults to enhance their skills or employment opportunities.

This testimony is based on our past and ongoing work addressing the federal employment training system,[2] as well as the work of other prominent organizations. Programs included in our work are those that are designed to (1) assist the unemployed, (2) create employment, and (3) enhance employability. The programs provide services to out-of-school youth and adults not enrolled in advanced degree programs.

Faced with stiff global competition, corporate restructuring, and continuing federal budget constraints, the federal government can no longer afford to invest in a system that may waste resources and may not help people better compete for jobs. While many agree that changes in the employment training system are needed, how to create a more effective and efficient system has sparked much discussion.

When reviewed individually, the more than 150 programs providing employment training assistance have well-intended purposes. However, collectively they create confusion and frustration for their clients and administrators, hamper the delivery of services tailored to the needs of those seeking assistance, and create the potential for duplication of effort and

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[1]Our analysis is based on the February 8, 1994, discussion draft of the "Reemployment Act of 1994."

[2]See appendix I for a listing of related GAO products.

unnecessary administrative costs. In addition, some programs lack basic tracking and monitoring systems needed to ensure that assistance is provided efficiently and effectively.

As you are well aware, past efforts to fix the system have fallen short of solving the substantial problems. These efforts were usually one-time "fixes" that either did not address all the major concerns nor include all the major programs. As a result, more programs evolve each year, and the problems inherent in the system loom even larger.

We are convinced that a major structural overhaul and consolidation of employment training programs is needed. The result would be to create a customer-driven employment system that embodies at least four guiding principles--simplicity, tailored services, administrative efficiency, and accountability. The Administration's proposal to consolidate programs serving dislocated workers appears to be a good first step in that process. However, some questions about the specific implementation of the proposal remain.

CURRENT SYSTEM ADMINISTERED BY 14 FEDERAL DEPARTMENTS

The United States' ability to compete in the international marketplace depends to a great extent on the skills of its workers. Over the years, the federal government's commitment to enhancing workforce quality has been substantial. Our analysis of the President's proposed fiscal year 1994 budget[1] identified at least 154 federal programs or funding streams that requested an estimated $25 billion for employment training assistance. (See app. II for a list of the programs and funding streams.)

Most of these programs are administered by the two agencies typically responsible for enhancing worker skills or training. The Department of Education is responsible for 60 such programs, and the Department of Labor is responsible for 36. However, some programs reside in departments

[1]Based primarily on the President's proposed budget for fiscal year 1994 dated April 8, 1993.

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that would not generally be expected to provide employment training assistance, such as the United States Departments of Agriculture (USDA), and Housing and Urban Development (HUD).

Our analysis shows that many programs target the same client populations. For example, veterans are specifically targeted by the largest number of programs (18), while other target groups, such as youth, Native Americans, the economically disadvantaged, and dislocated workers, are also targeted by several programs. (See app. III for a list of the target populations.) A large number of programs serving the same target group is not necessarily a cause for concern, but, when these programs provide the same or similar services, it raises questions about duplicative administrative structures.

We also found that programs targeting the same client populations sometimes have similar goals. For example, the nine programs that specifically target the economically disadvantaged largely have overlapping goals. All nine programs have the goal of enhancing clients' participation in the workforce, and four programs--the Labor Department's Job Training Partnership Act (JTPA), Health and Human Service's Job Opportunities and Basic Skills (JOBS), Agriculture's Food Stamp Employment and Training (E&T), and Housing and Urban Development's Family Self-Sufficiency--specifically mention reducing welfare dependency as a primary goal.

Given these programs' similar goals, it is not surprising they also serve the same constituency.[4] For example, although the JOBS program was specifically created to help Aid to Families With Dependent Children (AFDC) recipients, Labor's JTPA title IIA program also served more than 136,000 AFDC recipients in 1991. Similarly, the JTPA program served more than 100,000 Food Stamp recipients in 1991 who were also eligible for the Department of Agriculture's Food Stamp E&T program.

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[4]This is not meant to imply that clients are receiving the same service, like classroom training, from two separate programs.

Concerns about overlapping programs increase because many of the employment training programs we identified provide the same categories of services through parallel but separate structures. For example, the nine employment training programs that target the economically disadvantaged provided 27 different categories of services in five basic areas: (1) career counseling and skills assessment, (2) remedial education, (3) vocational skill training, (4) placement assistance, and (5) support services. The JTPA title IIA programs offer 24 of those services. The JOBS program provides 17 of the same services as JTPA, and the Food Stamp E&T program overlaps with JTPA on 18 services. These three programs account for about 72 percent of the funding specifically targeted to the economically disadvantaged population. (See app. IV for a list of the 27 employment training services.)

To deliver these services, the federal government has created a patchwork of parallel administrative structures in 14 departments or independent agencies. Within these departments and agencies, 35 interdepartmental offices channel funds to state and local program administrators. (See app. V for a chart of the federal departments and agencies with programs that provide employment training assistance.) For example, five different federal departments--USDA, Education, HHS, HUD, and Labor--administer the nine programs that target the economically disadvantaged, each with its own set of policies, procedures, and requirements. And, each provides staff and incurs costs, both at headquarters and regional locations, to plan and monitor these programs.

At the state and local level, similar often parallel administrative structures administer the delivery of services. (See app. VI for an organizational chart of employment training programs in the state of Massachusetts and app. VII for a similar chart for Washington state.) For example, the JTPA program funds about 630 service delivery areas (SDAs) to administer the service delivery at the local level. Also, the JOBS and Food Stamp E&T programs both fund numerous local offices, usually using networks of state and, sometimes, county-run welfare offices to administer the delivery of program services.

PROBLEMS INHERENT IN THE CURRENT FRAGMENTED SYSTEM

The many overlapping federal employment training programs create a system fraught with problems that confuse and frustrate clients, hamper the delivery of services tailored to the needs of their clients, add unnecessary administrative costs, and, at best, raise questions about the effectiveness of individual programs, as well as the system as a whole. (See app. VIII for comments on the problems of the current system from other organizations.)

Clients, Employers, and Administrators Often Confused and Frustrated

The current patchwork of employment training programs can create confusion for those seeking assistance because it has no clear entry points and no clear path from one program to another. Even if people find a local agency, they face a burdensome intake and assessment process that likely includes lengthy application forms and prolonged waits for interviews.

Employers also experience problems with the fragmented system of employment training programs. Employers want a system that is easy to access and provides qualified job candidates. Instead, employers must cope with over 50 programs that provide job referral and placement assistance. Employers also express concern that job candidates often lack basic literacy skills as well as the technical skills needed to fill their openings. A survey of employers in the state of Washington showed that 60 percent said they had difficulty finding qualified workers, and 31 percent said employment training programs were too slow in responding to their need for qualified workers.[5]

Employers can also be frustrated by the disjointed approach to government-sponsored economic development activities. Developing a skilled worker is a hollow success if no job opportunities

[5]The Investment in Human Capital Study, State of Washington Office of Financial Management, December 1990.

exist when the worker completes training. At least 25 federal programs offer economic development activities to help create full-time permanent jobs for the unemployed and the underemployed, primarily in economically distressed areas. Unfortunately, interaction between federal job training and economic development programs is usually limited. The National Governors Association (NGA) found that less than one in four states administered major economic development and job training programs through the same state-level agency. The NGA also found that only one in three states jointly planned program policies and activities for these related programs, and only one in five states had formal liaisons between related agencies.

Increasingly, program administrators are under orders to coordinate activities and share resources to ensure that program participants get needed services. Nevertheless, conflicting eligibility definitions impede local agency efforts to develop case management systems, create common intake and assessment procedures, and exchange data on clients among programs. As one state administrator commented, "...the aim of case management is to access various programs in order to deliver the best services possible to the client. However, conflicting requirements turn coordination into a jigsaw puzzle...".

For example, in determining who is economically disadvantaged, six different standards are used to define "low income" levels, five different definitions for family or household, and five complex methods for determining income.

Income criteria are not the only barriers to client eligibility determination and service delivery:

-- Programs targeting youth differ in their age limits. Lower age limits for youth range from 11 to 16 years of age, while upper limits range from 19 to 27. (See app. IX for a chart of lower and upper age differences.)

- Programs targeting older workers differ in how they define "older"; some use a minimum of 55 years while others use a minimum of 60 years.

- Dislocated worker programs differ in their criteria for "job loss."

A 1991 survey of state and local program administrators recommended standardizing more than 80 commonly used terms and definitions.[6] Survey respondents also recommended standardizing many conflicting fiscal and administrative requirements as well.[7] For example, another problem facing administrators attempting to coordinate their programs is the difference in program operating cycles. We found that programs targeted to four groups--older workers, dislocated workers, the economically disadvantaged, and youth--all operate on different annual cycles, which hampers the ability of program administrators to jointly plan and coordinate their assistance. (See app. X for a chart of different operating cycles used by programs targeting each of the four groups.)

Programs Frequently Do Not Tailor Assistance to Job Seeker Needs

For job seekers to get the most from the assistance provided, the services must be tailored to their specific needs. However, some programs may not provide all the services needed, or service providers may steer job seekers into inappropriate training activities. For example, dislocated workers are served by two programs--Trade Adjustment Assistance (TAA) and Economic Dislocation and Worker Adjustment Assistance (EDWAA). Dislocated workers in TAA are routinely enrolled in long-term classroom training, but few receive on-the-job training

[6]Streamlining and Integrating Human Resource Development Service for Adults, National Governors' Association, Washington, D.C., 1991.

[7]To facilitate closer coordination and more effective use of resources, 1992 JTPA amendments directed Labor, Education, and HHS, in consultation with other agencies, to identify a common core set of consistently defined data elements for the major federal employment and training programs.

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(OJT). In contrast, dislocated workers served by EDWAA usually receive short-term training or OJT.

In addition, because local service providers, who are under contract with local employment training programs, often do their own outreach and have a financial stake in directing clients to their own program or are isolated from one another, little attempt is generally made to refer clients to other programs. As a result, some clients may not receive independent assessments to determine their needs. For example, many JTPA title IIA[8] sites did not provide independent assessments, but relied on service providers to make the assessments. This gives these service providers the opportunity to selectively steer participants to the training they offer rather than refer them to other service providers.

Another reason program participants may not receive assistance tailored to their needs is that some service providers do not have strong links with employers. Without this information, program administrators cannot determine whether their training is adequately preparing participants for work. Labor market information (LMI) can also help program administrators make decisions about the types of training that would be most appropriate to prepare their participants for the local job market.[9] Several federal programs support LMI activities--including the collection and dissemination of LMI through publications and public databases. However, this information is often difficult for program administrators to use because it is not tailored to local labor markets.

[8]JTPA title IIA programs provide assistance to the economically disadvantaged.

[9]Labor market information is data produced on a regular basis about employment, unemployment, jobs, and workers.

Overlap Can Add Unnecessary Administrative Costs

The amount of money spent on administering employment training programs cannot be readily quantified. Of the approximately $25 billion proposed for employment training assistance in fiscal year 1994, estimates of administrative costs range as low as 7 percent for some programs to as high as 15 or 20 percent for others, while other programs do not track administrative costs. Both the National Commission for Employment Policy[10] and the Welfare Simplification and Coordination Advisory Committee[11] agree that programs could realize substantial savings if they did not operate independently and support separate administrative structures. The Welfare Simplification Committee report concluded, "Eliminating duplicate bureaucracies will reduce administrative costs, saving money that can be used, instead, for client services."

Eliminating separate staffs to administer, monitor, and evaluate programs at the state and local levels could also save resources. For example, to help reduce overlap among programs, some state officials have decided that the JTPA, JOBS, and the Food Stamp E&T programs are so similar that it would be more efficient to combine the resources from these programs to provide client services. In the state of Washington, for example, the human services department contracts with the state's employment service department for the administration of its Food Stamp E&T program. At the local level, Washington's human service agencies refer Food Stamp clients to the state's employment service offices for employment training assistance.[12]

Special arrangements at the state or local level to better coordinate services among overlapping programs may be more efficient than operating programs separately or in competition with one

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[10]Coordinating Federal Assistance Programs for the Economically Disadvantaged: Recommendations and Background Materials, National Commission for Employment Policy, Washington, D.C., 1991.

[11]Time for Change: Remaking the Nation's Welfare System, Report of the Welfare Simplification and Coordination Advisory Committee, Washington, D.C., 1993.

[12]Massachusetts and South Carolina have also attempted to reorganize agencies or departments to achieve more efficient operations or better coordinated programs.

another. However, such arrangements can increase the overall administrative costs of these programs. For example, we identified 21 separate federal and state committees or councils with responsibilities for interprogram coordination. Many of these councils operate with federal funding, some with their own staffs and expense accounts. However, a recent survey of state officials found that less than half thought that such efforts actually improved coordination.[11]

The federal government also uses set-aside programs and demonstration projects to look for ways to enhance coordination among programs. The JTPA State Education Coordination and Grants program--with $82 million in funding proposed for fiscal year 1994--was designed, in part, to "...facilitate coordination of education and training services." However, a study by the National Commission for Employment Policy reported that the track record of such set-asides in improving coordination has been mixed.[12]

System Lacks Accountability

Another concern with the fragmented system is that efforts to monitor program performance and outcomes are difficult because some programs cannot readily track participant progress across programs, and sometimes within programs. For example, the JTPA title IIA program for economically disadvantaged adults tracks activity by funding source, rather than be individual participant. To gather information on services received by a client from this one program, evaluators or local administrators would have to tap into as many as four separate databases.

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[11]Jennings, Edward T. Jr., "Building Bridges in the Intergovernmental Arena: Coordinating Employment and Training programs in the American States", Public Administration Review, Vol. 54, No. 11 (1994).

[12]Coordinating Federal Assistance Programs for the Economically Disadvantaged: Recommendations and Background Materials, National Commission for Employment Policy, Washington, D.C., 1991.

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Further, this does not include and information on the services the individual may have received from other programs.[15]

Similarly, the TAA program for dislocated workers lacks the basic tracking system needed to ensure that assistance is provided effectively and efficiently.[16] The TAA program has no established performance goals, thus there is little impetus for states to track participant progress or program performance. Even when states collect information on their own, they do not collect the same types of information or their definitions are not consistent. Without basic information on who the program served, the services they received, and how they fared after completing training both in the short and long term, no determination can be made about how the program is performing or what can be done to improve performance. Similarly, the Department of Labor Inspector General and Mathmatica also found that data on the TAA program were either not collected or were inaccurate and inconsistent.

For JTPA programs, we also found that inadequate federal and state monitoring has left programs vulnerable to waste, abuse and mismanagement.[17] Federal oversight has not been directed at identifying improper practices or providing reasonable assurance that the program operates in accordance with the law, regulations and sound management practices. Rather, federal oversight consists primarily of broad policy guidance, limited technical assistance, and minimal scrutiny of program implementation and operation.

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[15]Multiple Employment Programs: National Employment Strategy Needed (GAO/T-HRD-93-27, June 18, 1993).

[16]Dislocated Workers: Proposed Reemployment Assistance Program (GAO/HRD-94-61, November 1993).

[17]Job Training Partnership Act: Inadequate Oversight Leaves Program Vulnerable to Waste, Abuse, and Mismanagement (GAO/HRD-91-97, July 1991).

In the Employment Service program, we found that federal monitoring activities only provided assurance that states comply with the bare minimum required by applicable laws and regulations.[18] This provides a very narrow picture of program services and little substantive information about how states manage their program or how local offices operate and perform. While compliance with program requirements is an important concern, the failure to consider other factors, such as participant outcomes, as a part of agencies' strategies for planning oversight efforts can result in their not being able to identify local projects that are having performance successes or difficulties.

PAST EFFORTS TO FIX THE "SYSTEM" HAVE FALLEN SHORT

Despite the many problems plaguing employment training programs and more than a quarter-century of tinkering, federal efforts to fix the system have fallen far short of the mark because they tended to be one-time only and failed to address all of the major programs or the most fundamental problems. Many states have also tried to better coordinate programs through state-level reorganizations and new delivery structures; however, the different federal requirements of each program have hampered these efforts. As a result, these well-intended federal and state efforts to simplify and coordinate the system have had limited or only temporary success.

By the late 1960s, the number of federal employment training programs had grown into a complicated administrative maze involving many federal departments. In 1967, several sweeping programs were enacted, including the Concentrated Employment Program, the Cooperative Area Manpower Planning System, and the Comprehensive Manpower Program. These programs were meant to reduce fragmentation and decentralize responsibility for program planning. While these efforts helped chart the direction of change in federal employment training policy, their impact was limited because they did not address all of the programs. For example, these efforts did not

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[18]Employment Service: Improved Leadership Needed for Better Performance (GAO/HRD-91-88).[18]

include the Employment Service, a program that lists job openings for employers and provides job referrals for those seeking work.

In the early 1970s, the Congress recognized the need for a more broadly based employment training program and established the Comprehensive Employment Training Act (CETA) of 1973. However, again neither the original CETA legislation, nor subsequent amendments, brought all major programs under one umbrella.

In the 1980s, efforts to improve efficiency and effectiveness of employment training programs shifted to mandating coordination among related programs. The Job Training Partnership Act of 1982 required state and local Job Training Plans and created state and local coordinating councils to improve the effectiveness of program services. Similarly, the Carl D. Perkins Vocational Reduction Act of 1984 required state councils on vocational education. However, these well-intended coordination initiatives have met with limited success.

Thus far in the 1990s, federal initiatives to better coordinate employment training programs have focused on standardizing terms and definitions and reducing other barriers to interprogram coordination. But the number of programs have continued to grow. The National Performance Review (NPR) noted that, "government programs accumulate like coral reefs--the slow and unplanned accretion of tens of thousands of ideas, legislative actions, and administrative initiatives." The NPR report considers the current system of employment training programs to be inefficient and ineffective. While the report proposed many changes to reduce barriers to more efficiency and effectiveness, federal efforts to improve the existing employment training system have been limited to individual department actions.

In a letter to the President, the NGA questioned many of the efforts currently under way to reform the employment training system.[9] While NGA supports the need for reform, it is

[9]Letter dated January 26, 1994, signed by the chairs and vice chairs of the National Governors' Association, its Human Resources Committee, its Education Leadership Team and its Welfare

concerned that ... just as responsibility for job training is scattered across numerous federal agencies, reforms in these programs are proceeding in a piecemeal way which mirrors and will add to the fragmentation of federal job training efforts."

RESTRUCTURING CURRENT ARRAY OF PROGRAMS AND THE ADMINISTRATION'S PROPOSAL

The current fragmented system of employment and training programs is not meeting the needs of workers, employers, or administrators and thus is not helping the United States meet the challenges of increased global competition. While much debate has occurred about how to "fix" the system, our work, as well as that of numerous researchers and several states, suggest that the new system needs to be customer-oriented. That is, it's chief goals should be to help clients acquire the skills necessary to become productively employed and help employers locate qualified job candidates. Designing the new system, and determining the client populations to be served, will not be easy, as demonstrated by past efforts.

We believe that a new system consisting of significantly fewer programs affords the best opportunity for improving the quality of employment training services. One approach could be to build a new system around a specific number of target populations. This is similar to what the Administration is suggesting in its draft proposal to consolidate all dislocated worker programs into one comprehensive program to serve this target population. Similarly, the National Commission for Employment Policy has recommended consolidating employment training programs for the disadvantaged, and the Welfare Simplification and Coordination Advisory Committee has endorsed this recommendation. Whether the Administration will also propose to consolidate programs for the economically disadvantaged under its welfare reform proposal is unknown.

Reform Leadership Team.

Even if the Administration does formally propose to restructure programs that serve the dislocated workers and the economically disadvantaged, these efforts may only affect less than 12 percent of the programs and 15 percent of the total funding for employment training.

Nevertheless, the above proposals could be the first step in creating a comprehensive system. Programs could be consolidated and focused on a specified number of client populations. Such an approach would be simpler and likely more cost efficient (e.g., one program for youth rather than the 16 programs spread across five agencies). In addition, specific performance standards can readily be built in for each target population. This may better ensure that groups of the unemployed with similar needs have equal access to services. It also facilitates designing programs to better meet the needs of particular target populations-- enabling services to be tailored to need. Moreover, a system built around specific target populations would help service providers and local agency staff become more familiar with and understand the needs of their clientele, enabling them to provide better quality service. One question that must be answered concerns the role of general purpose programs, such as the Employment Service, in a new comprehensive system.

Another issue that needs to be considered is deciding which client populations to serve and what services to provide. Until the consequences of such changes are studied, it is best to hold the level of services available to individuals constant. However, as the new system comes on-line, the Congress will need to focus more intently on determining the appropriate "basket of services" for each client population as well as the costs. This should happen as the Congress prepares to consider the Administration's proposal for consolidating dislocated worker assistance programs.

Still another important aspect of designing a new system is getting the input and support of a wide range of major stakeholder such as state and local governments, employers, representatives of client groups, and service providers. This process could build on the best practices of federal, state, and local government efforts, as well as look to innovations of business, client groups, and service providers. These stakeholder could help design a system that has as its framework clearly defined goals, desired outcomes, and accountability built in, yet affords state and local officials

the flexibility to responsibly tailor services to meet their needs. The system should also provide for state and local innovations.

GUIDING PRINCIPLES

As the Congress is presented with proposals to address the problems of the nation's employment training system, there are a variety of ways to achieve the overhaul. Our work, as well as that of numerous researchers and several states again suggest that several guiding principles can facilitate the creation of a comprehensive, customer-oriented system. These principles can help in designing the new system's structure (i.e., determining the number of programs and their missions), determining which clients are to be served, and what services are to be provided. These guiding principles include simplicity, tailored services, administrative efficiency, and accountability efficiency.

Simplicity is the first principle to consider in operating an effective employment training system. The multiplicity of problems in the current system of programs leads us to the conclusion that it must be simplified and shaped into a real system. Such a system should be easily accessible by all who seek assistance, including clients seeking jobs and employers seeking workers. In addition, the system structure should be simple, meaning that related activities, such as economic development, should be integrated with employment training activities.

The second guiding principle is tailoring services to clients' needs. This means providing the services to clients that are most likely to result in successful job placement at appropriate wages. It also means providing services at the right time. For workers about to be dislocated, that means at or before they are laid off. Tailoring services also means providing the services that employers need, whether identifying skilled workers or upgrading the skills of their current workers.

A third principle is administrative efficiency. As discussed, the current array of programs hampers effective delivery of services and adds unnecessary administrative costs. Many of the system's inefficiencies can be traced to fragmented, uncoordinated program design. Streamlining administrative activities and eliminating redundancies will make the system considerably more efficient.

The last guiding principle of an employment training system is accountability. This involves having a balanced, integrated strategy of program and financial integrity, a focus on achieving desired outcomes, and a means for periodically assessing program effectiveness. Clearly defined goals and desired outcomes are the cornerstones of such a strategy.

MAJOR OVERHAUL IS NEEDED

In conclusion, we are convinced that a major overhaul and significant consolidation of the existing 154 programs is needed to create an employment training system that will help the United States meet the challenges of an increasingly competitive world. The new system needs to be customer oriented, with its chief goals to help workers and employers. History tells us that designing and implementing a new system will not be easy, nor can it be accomplished overnight. We feel that the Administration is headed in the right direction with its proposal for consolidating dislocated worker programs; however, the consolidation needs to be part of a larger restructuring of employment training programs.

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Mr. Chairman, that concludes my prepared statement. I would like to point out that, as you and the Ranking member know, we are preparing a report that addresses these issues in greater detail that will be available shortly. At this time I will be happy to answer any questions you or other members of the Subcommittee may have.

RELATED GAO PRODUCTS

Multiple Employment Programs (GAO/HRD-93-26R, June 15, 1993).

Multiple Employment Training Programs: Conflicting Requirements Hamper Delivery of Services (GAO/HEHS-94-78, January 1994).

Multiple Employment Training Programs: Overlapping Programs Can Add Unnecessary Administrative Costs (GAO/HEHS-94-80, January 1994).

FEDERAL EMPLOYMENT AND TRAINING PROGRAMS
PROPOSED FUNDING LEVELS BY AGENCY (FISCAL YEAR 1994)[a]

Agency and programs		1994
Programs (154)	**Funding (in millions)**	**$24,837.7**
Action - (3) programs	**Funding Total**	**100.9**
Literacy Corps		5.3
Foster Grandparent Program		66.4
Senior Companion Program		29.2
Department of Agriculture - (1) program	**Funding Total**	**162.7**
Food Stamp Employment and Training		162.7
Appalachian Regional Commission - (1) program	**Funding Total**	**11.2**
Appalachian Vocational and Other Education Facilities and Operations		11.2
Department of Commerce - (9) programs	**Funding Total**	**220.5**
Minority Business Development Centers		24.4
American Indian Program		1.9
Economic Development-Grants for Public Works and Development		135.4
Economic Development-Public Works Impact Program		[b]
Economic Development-Support for Planning Organizations		24.8
Economic Development-Technical Assistance		10.4
Economic Development-State and Local Economic Development Planning		4.5
Special Economic Development and Adjustment Assistance Program-Sudden and Severe Economic Dislocation and Long-Term Economic Deterioration		19.1
Community Economic Adjustment		[c]
Department of Defense - (2) programs	**Funding Total**	**72.8**
Military Base Reuse Studies and Community Planning Assistance		6.0
Transition Assistance Program		66.8

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Agency and programs	1994
Department of Education - (60) programs Funding Total	**13,031.4**
Even Start-State Educational Agencies	88.8
Even Start-Migrant Education	2.7
Women's Educational Equity	2.0
Indian Education-Adult Education	4.9
Migrant Education-High School Equivalency Program	8.1
Migrant Education-College Assistance Migrant Program	2.3
School Dropout Demonstration Assistance	37.7
Adult Education-State Administered Basic Grant Program	261.5
Adult Education for the Homeless	10.0
National Adult Education Discretionary Program	9.3
Vocational Education-Demonstration Projects for the Integration of Vocational and Academic Learning	NA
Vocational Education-Educational Programs for Federal Correctional Institutions	NA
Vocational Education-Comprehensive Career Guidance and Counseling	NA
Vocational Education-Blue Ribbon Vocational Educational Programs	NA
Vocational Education-Model Programs for Regional Training for Skilled Trades	NA
Vocational Education-Business/Education/Labor Partnerships	NA
Vocational Education-Tribally Controlled Postsecondary Vocational Institutions	2.9
Vocational Education-Tribal Economic Development	NA
Vocational Education-Basic State Programs	717.5
Vocational Education-State Programs and Activities	81.3
Vocational Education-Single Parents, Displaced Homemakers, and Single Pregnant Women	69.4

Agency and programs	1994
Vocational Education for Sex Equity	31.1
Vocational Education-Programs for Criminal Offenders	9.6
Vocational Education-Cooperative Demonstration	NA
Vocational Education-Indian and Hawaiian Natives	15.1
Vocational Education-Opportunities for Indians and Alaskan Natives	NA
Vocational Education-Community Based Organizations	11.8
Vocational Education-Bilingual Vocational Training	0.0
Vocational Education-Demonstration Centers for the Training of Dislocated Workers	NA
Vocational Education-Consumer and Homemaking Education	0.0
Vocational Education-TechPrep Education	104.1
National Workplace Literacy Program	22.0
English Literacy Program	0.0
Literacy for Incarcerated Adults	5.1
National Center for Deaf-Blind Youth and Adults	6.7
State Literacy Resource Centers	7.9
Student Literacy Corps	6.1
Federal Pell Grant Program [a]	2,846.9
Guaranteed Student Loans [a]	5,889.0
Federal Supplemental Educational Opportunity Grants [a]	125.0
Upward Bound	160.5
Talent Search	67.0
Federal Work-Study Program [a]	89.6
Federal Perkins Loan Program-Federal Capital Contributions [a]	13.0
Grants to States for State Student Incentives	0.0
Educational Opportunity Centers	23.3

Agency and programs	1994
Higher Education-Veterans Education Outreach Program	3.1
Student Support Services	110.3
Postsecondary Education Programs for Persons with Disabilities	8.8
Rehabilitation Services Basic Support-Grants to States	1,933.4
Rehabilitation Services Basic Support-Grants for Indians	6.4
Rehabilitation Services Service Projects-Handicapped Migratory and Seasonal Farm Workers	1.2
Rehabilitation Services Service Projects-Special Projects and Demonstrations for Providing Vocational Rehabilitation Services to Individuals with Severe Disabilities	19.9
Rehabilitation Services Service Projects-Supported Employment	10.6
Projects with Industry Programs	21.6
Supported Employment Services for Individuals with Severe Handicaps	33.1
Comprehensive Services for Independent Living	15.8
Library Literacy	0.0
School to Work[a]	135.0
Public Library Services	[b]
Department of Health and Human Services (14) programs Funding Total	**2,303.5**
Job Opportunities and Basic Skills Training	825.0
Community Services Block Grant	352.7
Community Services Block Grant- Discretionary Award	39.7
Community Service Block Grant Discretionary Awards-Demonstration Partnership	4.4
Refugee and Entrant Assistance-Discretionary Grants	12.6
Refugee and Entrant Assistance-State Administered Programs	84.4
Refugee and Entrant Assistance-Voluntary Agency Programs	39.9

Agency and programs	1994
Community Demonstration Grant Projects for Alcohol and Drug Abuse Treatment of Homeless Individuals	NA
Family Support Centers Demonstration Program	6.9
State Legalization Impact Assistance Grants	809.9
Transitional Living for Runaway and Homeless Youth	11.8
Independent Living	16.2
Scholarships for Health Professions Students from Disadvantaged Backgrounds	NA
Health Careers Opportunity Program	NA
Department of Housing and Urban Development (4) programs Funding Total	**303.4**
Emergency Shelter Grants Program	51.4
Supportive Housing Demonstration Program	164.0
Youthbuild[f]	88.0
Family Self-Sufficiency Program	[g]
Department of Interior - (2) programs Funding Total	**20.9**
Indian Employment Assistance	16.9
Indian Grants-Economic Development	4.0
Department of Labor - (36) programs Funding Total	**7,141.5**
JTPA IIA Training Services for the Disadvantaged-Adult	793.1
JTPA IIA State Education Programs	82.4
JTPA IIA Incentive Grants	51.5
JTPA IIA Training Programs For Older Individuals	51.5
JTPA IIC Disadvantaged Youth	563.1
JTPA IIC Disadvantaged Youth-Incentive Grants	34.3
JTPA IIC Disadvantaged Youth-State Education Programs	54.9

Agency and programs	1994
JTPA IIB Training Services for the Disadvantaged-Summer Youth Employment And Training Program (Regular)	1,688.8
JTPA IIB Summer Youth Employment And Training Program (Native American)	[b]
JTPA EDWAA-Dislocated Workers (Local SDA Allotment)	229.5
JTPA EDWAA-Dislocated Workers (Governor's 50% Discretionary)	229.5
JTPA EDWAA-Dislocated Workers (Secretary 20% Discretionary)	114.7
JTPA Defense Conversion Adjustment Program	[b]
JTPA Defense Diversification	[b]
JTPA Clean Air Employment Transition Assistance	[b]
JTPA-Migrant and Seasonal Farmworkers	78.3
JTPA-Employment and Training Research and Development Projects	11.2
JTPA Employment Services and Job Training-Pilot and Demonstration Programs	35.1
JTPA-Native American Employment and Training Programs	61.9
JTPA Job Corps	1,153.7
Federal Bonding Program	0.2
Senior Community Service Employment Program	421.1
Apprenticeship Training	17.2
Trade Adjustment Assistance-Workers	215.0
Targeted Jobs Tax Credit	19.2
Employment Service-Wagner Peyser State Grants (7a)	734.8
Employment Service-Wagner Peyser Governor's Discretionary Funds (7b)	81.6
Labor Certification for Alien Workers	58.6
Interstate Job Bank	1.9
Youth Fair Chance[1]	25.0

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Agency and programs	1994
One Stop Career Centers[1]	150.0
Veterans Employment Program	9.0
Disabled Veterans Outreach Program	84.0
Local Veterans Employment Representative Program	77.9
Homeless Veterans Reintegration Project	NA
Job Training for the Homeless Demonstration Project	12.5
Office of Personnel Management - (1) program Funding Total	[a]
Federal Employment for Disadvantaged Youth-Summer	[a]
Small Business Administration - (8) programs Funding Total	**157.4**
Management and Technical Assistance for Socially and Economically Disadvantaged Businesses	8.1
Small Business Development Center	67.0
Women's Business Ownership Assistance	1.5
Veteran Entrepreneurial Training and Counseling	0.4
Service Corps of Retired Executives Association	3.1
Business Development Assistance to Small Business	20.9
Procurement Assistance to Small Business	33.7
Minority Business Development	22.7
Department of Transportation - (1) program Funding Total	**1.5**
Human Resource Programs	1.5
Department of Veterans Affairs - (12) programs Funding Total	**1,410.0**
All-Volunteer Force Educational Assistance	895.1
Selected Reserve Educational Assistance Program	[a]
Survivors and Dependents Educational Assistance	109.1
Vocational Rehabilitation for Disabled Veterans	243.1

Agency and programs	1994
Post-Vietnam Era Veterans Educational Assistance	42.4
Hostage Relief Act Program	[o]
Vocational Training for Certain Veterans Receiving VA Pension	[NA]
Vocational and Educational Counseling for Servicemembers and Veterans	[p]
Service Members Occupational Conversion and Training (Jobs)	64.5
Health Care for Homeless Veterans	28.3
Domiciliary Care for Homeless Veterans	23.4
Housing and Urban Development/Veteran's Affairs-Supported Housing	2.1

[NA]Data not available at this time.

[a]Programs identified are federally funded and designed to (1) assist the unemployed, (2) create employment, and (3) enhance employability. The programs provide services to out-of-school youth and adults not enrolled in advanced degree programs.

[b]Economic Development-Public Works Impact: program funds included in Grants for Public Works and Development Facilities.

[c]Community Economic Adjustment: funds allocated in 1993 used to support programs in out years until funding is depleted.

[d]Education loan program: amounts shown are estimates of loans for associate and nondegree programs, when possible to differentiate.

[e]School to Work: program proposed for fiscal year 1994. Funded at $270.0 million, split evenly between the Departments of Education and Labor. Department of Education funding is from Carl Perkins Act: $15 million from National Programs-Research and Development and $120 million from Cooperative Demonstrations Program. Department of Labor funding is from JTPA.

[f]Youthbuild: program proposed for fiscal year 1994.

[g]Family Self-Sufficiency Program: includes job training, education, and support services paid for by other programs such as JOBS and JTPA. Federal funds may be used to cover local administrative costs. For fiscal year 1993, appropriations for operating subsidies permit the payment of $25.9 million to cover the administrative costs of operating the Family Self-Sufficiency program.

[j]JTPA IIB Summer Youth Employment and Training Program (Native American): funding included in JTPA IIB (Regular) program total.

[k]JTPA Defense Conversion Adjustment Program: funds allocated in 1991 used to support programs in out years until funding is depleted.

[l]JTPA Defense Diversification: funds allocated in 1993 used to support programs in out years until funding is depleted.

[m]JTPA Clean Air Employment Transition Assistance: no funds were appropriated for the Clean Air Act in fiscal year 1994.

[n]Youth Fair Chance and One Stop Career Centers: new programs in 1994.

[o]Federal Employment for Disadvantaged Youth-Summer: program coordinated by Office of Personnel Management but carried out by numerous federal agencies. Obligations devoted to administration not separately identifiable.

[p]Selected Reserve Educational Assistance Program: funding included in All-Volunteer Force Educational Assistance total.

[q]Hostage Relief Act Program: replaced by the Omnibus Diplomatic Security and Anti-Terrorist Act of 1986. No program funding used in any year, but available.

[r]Vocational and Educational Counseling for Servicemembers and Veterans: program funds included in other veterans' programs, such as the All-Volunteer Force Educational Assistance Program.

APPENDIX III

NUMBER OF EMPLOYMENT TRAINING PROGRAMS, AGENCIES, AND PROPOSED FISCAL YEAR 1994 FUNDING BY TARGET GROUP

Target group	Programs	Agencies	Fiscal year 1994 proposed funding (in millions)
Veterans	18	4	$ 1,584.4
Youth	16	5	4,047.8
Native Americans	10	4	114.0
Economically disadvantaged	9	5	2,661.6
Dislocated workers	9	3	855.5
Homeless	6	4	244.8
Women/minorities	6	3	89.8
Migrant	5	2	92.6
Older workers	4	2	568.2
Refugee	4	1	946.8
Programs not classified[a]	67	9	13,632.2
Total	154	14	$ 24,837.7

[a]Programs not classified include those that (1) do not target any specific group, such as the Employment Service and direct financial aid programs, and (2) target geographic areas rather than populations or other miscellaneous programs, such as Labor's Federal Bonding program, which provides financial bonds for or insurance to encourage employers to hire high-risk applicants, like ex-offenders or former drug addicts.

APPENDIX IV

APPENDIX IV

COMPARISON OF AUTHORIZED EMPLOYMENT TRAINING SERVICES BY FIVE MAIN AREAS FOR NINE PROGRAMS THAT TARGET THE ECONOMICALLY DISADVANTAGED

Shown below are the authorized employment training services for the nine programs that target the economically disadvantaged.[1] The program activities are organized according to five main service areas. Definitions for each of the service activities are included at the end.

Service area/ activity	JTPA IIA[2]	JOBS	FS E&T	FSS[3]	VOC ED	EOC	SLMC	TOTAL
I. Counseling/Assessment								
a. Outreach	X			X	X	X		4
b. Assessment	X	X	X	X	X	X		6
c. Employability plan	X	X	X	X				4
d. Monitoring	X		X	X	X			4
e. Case management	X	X	X	X	X			5
f. Post-progress review	X		X	X	X			4
g. Referral to services	X	X	X	X		X		5

[1]The programs shown may in some instances qualify when or how a particular service may be provided. The programs may also sometimes provide an additional service beyond the 27 activities listed here.

[2]Includes the JTPA IIA State Education and Incentive Grants programs that authorize the same services as the JTPA IIA Adult program.

[3]The Family Self Sufficiency program is authorized to provide any of the same services as other federal employment training programs, but provides no additional funds to offer the services.

APPENDIX IV

APPENDIX IV

Service area/ activity	JTPA IIA[2]	JOBS	FS E&T	FSS[3]	VOC ED	EOC	SLMC	TOTAL
II. Remedial/Basic Skills								
a. Adult Basic Education (ABE)	X	X	X	X			X	5
b. English as a Second Language (ESL)	X	X	X	X			X	5
c. High-school equivalency (GED)	X	X	X	X			X	5
III. Vocational Skill Training								
a. Classroom training	X	X	X	X	X		X	6
b. Employer-specific training and technical assistance	X		X	X	X			4
c. On-the-Job Training (OJT)	X	X	X	X	X			5
d. Workfare		X	X	X				3
IV. Placement								
a. Job creation				X	X			2
b. Job search	X	X	X	X	X			5
c. Job search training	X	X	X	X	X			5
d. Job placement	X	X	X	X	X			5
e. Work study				X	X			2

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Service area/ activity	JTPA IIA[1]	JOBS	FS E&T	FSS	VOC ED	EOC	SLMC	TOTAL
V. Support Service								
a. Child care	X	X	X	X	X		X	6
b. Transportation	X	X	X	X	X			5
c. Life skills training	X	X	X	X		X	X	6
d. Medical assistance	X			X	X			3
e. Counseling	X	X		X	X	X		5
f. Needs based payments	X			X				2
g. Transitional child care	X	X		X				3
h. Transitional medical assistance	X			X				2

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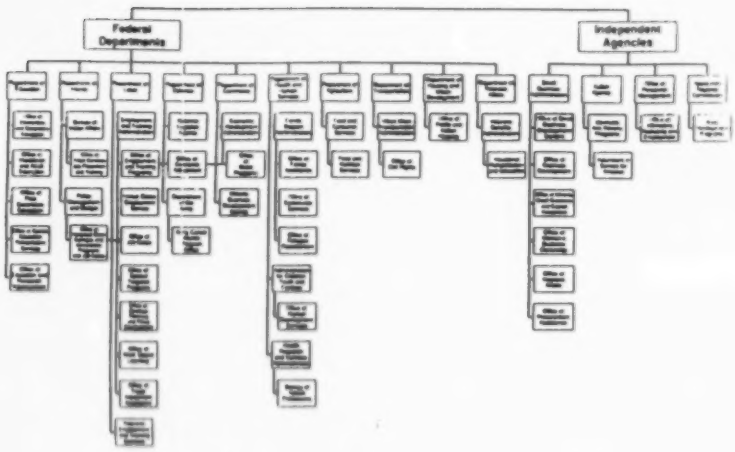
APPENDIX V

APPENDIX V

EXECUTIVE BRANCH AGENCIES RESPONSIBLE FOR EMPLOYMENT TRAINING PROGRAMS



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PROGRAMS, AGENCIES, AND FUNDING STREAMS IN MASSACHUSETTS

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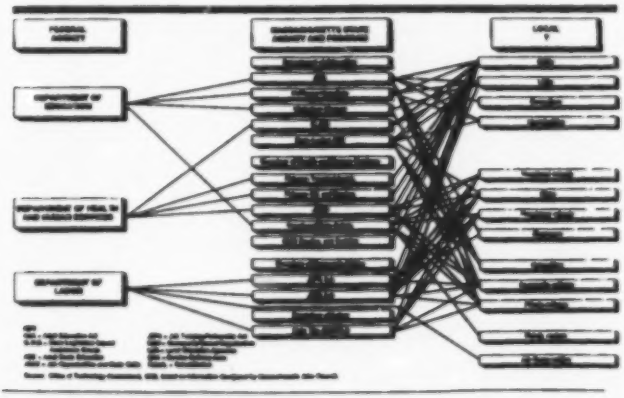

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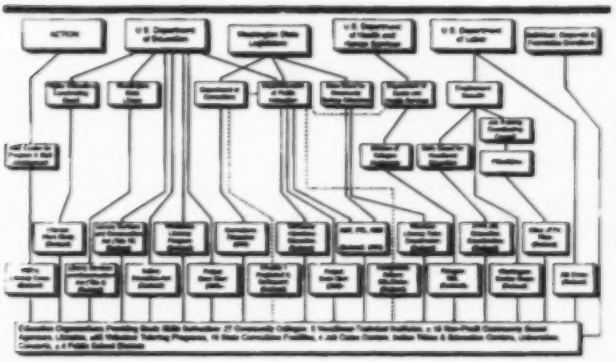
FLOW OF ADULT BASIC SKILLS PROGRAM RESOURCES IN WASHINGTON STATE

GAO Flow of Adult Basic Skills Program Resources in Washington



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APPENDIX VIII

APPENDIX VIII

PROBLEMS WITH THE CURRENT 'SYSTEM' OF FEDERAL EMPLOYMENT TRAINING PROGRAMS IDENTIFIED BY NATIONAL ORGANIZATIONS

Organizations/ Institution	Problem Identified
Interstate Conference of Employment Security Agencies	A myriad of employment and training programs operated through a variety of federal, state, and local agencies create a fragmented "system" of workforce preparation and "second chance" assistance which is bewildering and frightening to clients -- and even, in some cases, confuses the professionals who operate the programs.[1]
Job Training Partnership Act Advisory Council	The fragmented, uncoordinated approach to the delivery of human services should no longer be accepted. It is inefficient, wasteful, and frustrates the consumers of these services, both those who seek training and their potential employers.[2]
National Commission for Employment Policy	Federal programs have characteristics that impede the efficient implementation at the State level, which include: differing administrative provisions, eligibility criteria, planning and operating timetables, and definitions and terminologies. The lack of coordination at the federal level is another obstacle to the State's ability to pursue program integration.[3]
National Alliance of Business	The federal investment in workforce training represents a patchwork of separate, largely uncoordinated programs which are often perpetuated more by bureaucratic momentum than by their compelling benefit to society.[4]
National Governor's Association	Today's, "vast but fragmented system for education and training beyond high school provides services of erratic quality and is generally not meeting the needs of the economy, employers, or individuals. Resources are not coordinated at the point of delivery, and the system's end users cannot easily access its services."[5]
National Youth Employment Coalition	The education and training system is not working well. Resources are spread too thinly over many different federal employment and training programs. State and local administrators are burdened with overlap, duplication, and often conflicting mandates, definitions, eligibility and reporting requirements, etc.[6]
U.S. Department of Health and Human Services, Office of Inspector General	Dating back to 1974, the human service delivery can be described as-- too fragmented, leaving clients with multiple needs unnecessarily vulnerable; too limited regarding program goals; inefficient, duplicative, and bureaucratically confusing to those in need; lacking accountability and self-perpetuating; and not sufficiently attentive to the long-term needs of the client.[7]
Welfare Simplification and Coordination Advisory Council	The conglomeration of separate welfare programs do not form a system at all. Each program operates independently, assisting a specific population, without regard to the multiple needs of the families it serves. The current programs should be scrapped, in lieu of one comprehensive program with the goal of moving participants towards self-sufficiency. Reorganizing the programs for the economically disadvantaged into one program would maximize conflicting, overlapping, and duplicative provisions and regulations, identify funding disparities, improve program administration and coordination at the federal level; reduce administrative costs; and enable States to deal with fewer agencies.[8]

Sources:

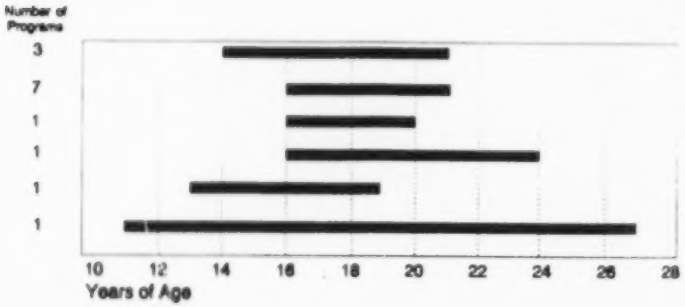
[1]Interstate Conference of Employment Security Agencies, An ICESA Policy Paper: Building An Effective Workforce Development System, September 1993.
[2]The Job Training Partnership Act Advisory Committee to the Secretary of Labor, Working Capital: Coordinated Human Investment Directions for the 90's, October 1989.
[3]National Commission For Employment Policy, Background Paper on Federal Public Assistance Programs: Coordination and Eligibility Issues, March 1991.
[4]National Alliance of Business, Building a Workforce Investment System For America, 1992.
[5]National Governor's Association, Enhancing Skills For a Competitive World, 1992.
[6]National Youth Employment Coalition and Youth and America's Future: The William T. Grant Foundation Commission on Work, Family, and Citizenship, Making Sense of Federal Job Training Policy, Washington DC: National Youth Employment Coalition and William T. Grant Foundation Commission on Youth and America's Future, 1992.
[7]Office of Inspector General, Department of Health and Human Services, Services integration: A Twenty-Year Retrospective, 1991.
[8]Welfare Simplification and Coordination Advisory Committee, Time For A Change: Remaking the Nation's Welfare System, June 1993.

APPENDIX IX

APPENDIX IX

LOWER AND UPPER AGE LIMITS FOR YOUTH PROGRAMS

Programs targeting youth vary in eligibility requirements because of differences in their lower and upper age limits. The lower age limits ranged from 11 to 16 years of age, while upper age limits ranged from 19 to 27.



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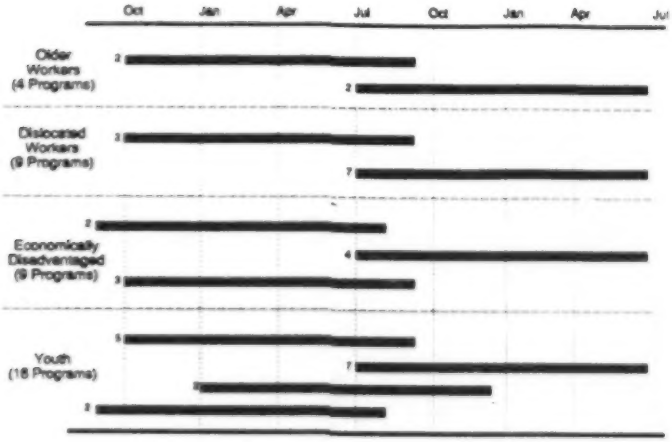
APPENDIX X

DIFFERENCES IN OPERATING CYCLES



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Mr. PETERSON. I think we'll have a few questions. Do you have enough time to——

Mr. CRAWFORD. Yes, sir.

Mr. PETERSON. We can hear from Mr. Sofranac and then we'll go to questions, if that's OK.

Mr. CRAWFORD. Yes.

Mr. PETERSON. Mr. Sofranac, we're pleased to have you with us today and your statement will be made part of the record in its entirety.

STATEMENT OF RODO SOFRANAC, CHAIR, NATIONAL ASSOCIATION OF STATE JOB COORDINATING COUNCILS, AND CHAIR, ARIZONA SJTCC, ACCOMPANIED BY JULIE STRAWN, STAFF OF THE NATIONAL GOVERNOR'S ASSOCIATION

Mr. SOFRANAC. Thank you, Mr. Chairman and Congressman Zeliff, and thank you for letting me substitute for Governor Merrill of New Hampshire, and although he had to stay in that cold weather, I could have been in Phoenix in 80 degree weather.

Mr. PETERSON. You made a great choice.

Mr. SOFRANAC. My name is Rodo Sofranac, and I and my fellow State coordinating council chairs greatly appreciate the attention that the committee is providing to try to get a handle around the employment and training services that our government is trying to provide for our citizens.

I'm appearing to you today in two roles. One is to give input from the National Governors' Association, the Governors' comments that Governor Merrill was going to present; and also to give you the information that our chairs' association has put together.

You seem to be very familiar with the State Job Training Coordinating Councils, but let me just give an overview of what we're about. We're authorized under the Job Training Partnership Act to be responsible for oversight, not only of JTPA, but all the other employment and training, education, policies, and programs that are presented to the States.

The chairs themselves are mostly private sector individuals who, like the other members of the council, are appointed by their Governor. We wear that dual role of bringing the private sector view to this whole myriad of programs; and also to make sure that we maintain what the Governors' points of view are in that respect.

In 1988 the chairs from all the different States decided to get together and form an association, so that we can present our information in a more unified view, and also take a look at what others are doing at the Federal level with respect to employment and training, and make comments and recommendations along that line. So, our association has existed since 1988.

As I mentioned to you we also represent the Governors because of our appointments. The first few comments I'm going to make are with respect to what you have already entered in the record, the Governors' letter. The Governors have been really working hard trying to bring employment and training to some kind of understanding and efficiency. Last year they presented the information that you took in the record about creating a more flexible, a more integrated work force preparation system that the States themselves could operate.

At the same time we were working on our "Barriers" paper, our "Bring Down the Barriers" paper, which I would also like to submit into your record, that tails in with what the Governors have been working on and what we're trying to present.

The Governors identified three major goals in the information that they gathered, and I'll highlight them very briefly. They're in detail in the information you have and you have them in that letter as well.

One of them is the desire to have an integrated job training reforms package going on. As Mr. Crawford mentioned, the reforms are beginning to take shape, but they still seem to be somewhat fragmented, and the fear may be that you're going to have a lot of adjustments here or there, but you still don't have a totally integrated system being presented that both—as you mentioned—the taxpayers and the customers would like to see happen.

The second point is that the Governors would like to maintain some State flexibility in this area. We believe we're the ones that can deliver the product to the customer, so we would like Congress, as they work through these adjustments to allow the Governors and allow the States to have that flexibility to make those adjustments at the State and local level.

And the third one is that the Governors would really like to see a streamlined Federal work force program being developed, and that the waiver authority needs to be given to the State in order to allow that to happen. Again, as Mr. Crawford mentioned, there are ways that you can make the program more specific to the States and to the localities and that waiver authority, the Governor's right to seek precedent, in order to allow that to happen.

With respect to our hats as the Governors' representatives, the National Governors' Association, and the Governors themselves, as well as the State chairs association has been working with the Department of Labor in development of the Reemployment Act. We've made a number of comments and we're going to continue to make those as that act unfolds. We appreciate the opportunity to participate and we're going to continue to exercise that opportunity.

Now, when we put the private sector hat back on again—and maybe it's just turning the two-brimmed hat around, rather than two separate hats—I'd like to address some of the things that our chairs association has been working on in trying to address work force issues here.

We have always seen our mission, from the inception of JTPA and the State Job Training Coordinating Councils to really be threefold. One is that we are responsible to provide oversight for all of those programs that we've mentioned specifically JTPA, but all these ancillary ones as well.

The second one is that we're charged with making policy recommendations to the Governor of how those programs need to be manifested in each State.

And the third one is that we're also responsible for insuring coordination and linkage among all of these lines that are being drawn here. As you said, with all those lines, we're responsible to maintain that coordination linkage. Well, taking those responsibilities seriously we realized a little over 2 years ago, as JTPA was moving into its 10th anniversary, that we too are not satisfied with

the effectiveness and efficiency of employment and training programs that we're responsible to provide this oversight to.

So we began the process of trying to articulate what we would like to see. And, I think the theme I'd like to tell you in our process is that we saw the lemons, but we said we are ready, we recognize and we're willing to accept our responsibilities in trying to get those lemons squeezed into lemonade. Give us the opportunity to do that, that we will step to the table and do it.

So, what we have done in putting together the "Barriers" papers, again with our three major missions in mind, we have tried to in a very brief fashion, in a kind of a framework identify what the problems are. But then, again, because we take our roles very seriously, to go beyond just identification of the problems, that we have also tried to outline a framework for the solutions. And because, again, our role is to coordinate and link that we have worked very hard to make sure that a number of our partners are involved in this entire process.

So in our preparation of the "Barriers" paper we have 12 to 15 other organizations that are also interested in employment and training, participate in this whole process. The result was we made four program recommendations within the "Barriers" paper. Since I've entered it into the record, I'll save the time and not go into detail into those four aspects, but we made four program recommendations and also three systems recommendations, that address what we think can be a framework at the national level, the State level, and the local level in order to make these programs much more effective and efficient.

What I'd also like to say to you at this time, is what we've been telling a lot of folks, is we understand what the GAO and a number of others have done. We appreciate the GAO's work, that they've tried to identify some of the problem areas. We've also tried to listen to the Commission on Skills in American Work Force, the National Commission for Employment Policy, the National Governors' Association, there are an awful lot of people singing hymns. We'd like to get this hymn book put together, though.

We realize that the "Barriers" paper, first of all, is only the beginning; it's certainly not the end. Our winter meeting just concluded yesterday. That's one of the reasons I was able to be here with you today—and we have pledged, out of that winter meeting, to take this to the next step. We will continue the process, again working with all of our partners that are interested in working with us, and take what the "Barriers" paper outlined, take it to the next step and try to identify exactly what is this country's strategic plan for work force development.

The three elements that we see need to be there—they're very similar to yours, Mr. Crawford—is first of all, coming from the private sector, that we believe that the employer and employee are our customers. When you have so many programs with so many well-intentioned interests, we seem to lose focus of who, really, our customer is. So, as we work through this process and as we invite our partners to continue to participate, we're going to identify and keep the focus on that it is the employer and the employee that we're trying to match, that that's what the purpose of the program is.

The second aspect we want to maintain through this process is to identify the financial and human resources that can bring the needed support as we develop a national strategy on work force development.

And the third one is that we design a system, not just a number of different programs or altered programs, but really a system that says this is what we intend to do about work force development in this country. We believe the work force, its abilities and capabilities is one of, if not the most important, aspect of determining our economic future for this country.

We understand, recognize, and accept our responsibilities in this process; we appreciate the opportunity we've had to participate now and we want to let you know that we will continue to live our responsibilities and be available to you to make sure that these programs turn into a system that's good for the working American.

Thank you very much.

[The prepared statement of Mr. Sofranac follows:]

STATEMENT BY RODO SOFRANAC,
CHAIR OF THE NATIONAL ASSOCIATION OF STATE JOB COORDINATING COUNCILS
AND CHAIR OF THE ARIZONA SJTCC
BEFORE THE
SUBCOMMITTEE ON EMPLOYMENT
OF THE HOUSE GOVERNMENT OPERATIONS COMMITTEE
MARCH 3, 1994

Thank you Mr. Chairman, and Congressman Zeliff, for inviting me to appear here today. I and my fellow Chairs of State Job Training Coordinating Councils greatly appreciate the attention this committee has given to the problem of multiple and fragmented job training programs. I am appearing today in a dual role: on behalf of the State Job Training Coordinating Council Chairs and on behalf of the National Governors Association.

I'd like to explain a little about the State Job Training Coordinating Councils. The Councils are authorized under the Job Training Partnership Act to advise Governors not only on the state Job Training Partnership Act programs but also on related education, job training, and employment policy and programs. The Chairs themselves are mostly private sector individuals who, like the other members of the Councils, are appointed by their Governors. The National Association of State Job Training Coordinating Council Chairs, organized in 1988 by the Chairs of the individual State Councils, provides a unified voice for State Councils on job training and employment issues, works to strengthen employment and training programs, and coordinates with other national organizations engaged in areas of common interests.

As Chairs we bring to these issues both the perspective of the private sector and the views of each our Governors. This morning I'd like to begin by describing briefly the Governors' views on this issue and then move on to discuss in depth the recommendations of the Chairs as captured in our recent report *Bring Down the Barriers*. The National Governors' Association adopted policy last August that urges the federal government to integrate and consolidate federal job training programs and to give states more flexibility to create unified workforce development systems at the state level. The Governors recently followed up on this policy statement with a letter to President Clinton in January that underscores their interest in integrating workforce development programs and lays out several goals that the Governors believe should guide Administration and Congressional initiatives in this area. (I'd like to submit this letter for the record.) These goals include the following:

- **Integrated development of new job training reforms.** Governors are concerned that just as responsibility for job training is scattered across numerous federal agencies, reforms now pending in these programs may proceed in a piecemeal way which will add to the existing problems of client access, different eligibility and reporting requirements, and fragmented lines of authority for operating programs. Unless a serious effort is made to *integrate* these reform efforts as legislative proposals are developed, we will all lose an important opportunity to consolidate and improve these programs in ways that benefit both taxpayers and the customers of job training services. For example, since the same disadvantaged adults are served by federal welfare reform, student aid, and Job Training Partnership Act programs, reform efforts in all three of these areas should be cross-walked as they are developed so as to minimize problems for clients, for states, and for localities.

- **Additional flexibility for states and localities to coordinate existing job training programs.** The Governors support additional waiver authority for states and localities to facilitate their efforts to integrate job training programs. Where political obstacles prevent integration of programs at the federal level, better access to higher quality job training and employment services can best be achieved by giving states the flexibility to

integrate similar programs, to determine the appropriate governance structure for state workforce development systems, and to set consolidated, outcome-based standards for services.

- Federal action to streamline federal workforce development programs, beyond waiver authority. While new waiver authority is helpful, as a nation we will move very slowly toward the goal of integrated workforce development systems if each state must apply separately to each different federal department for permission to waive each rule that blocks integration of programs. In addition, many states may not be able to take full advantage of new waiver authority given the amount of scarce staff time required to develop and submit waiver requests to all the different agencies that run job training programs. The Governors urge Congress to act to streamline existing programs, giving states and localities the tools to integrate existing programs by reducing the kinds of barriers to integration identified by the Chairs in *Bring Down the Barriers*.

Finally, the Governors, like the Chairs, have been actively involved with the Administration in the development of their Reemployment Act over the last year. The Governors strongly support the goals of this proposal, especially the consolidation of existing dislocated worker programs and creation of national, state, and local labor market information systems. The Governors remain concerned, however, about some aspects of the Act, and hope to work with Congress to ensure that any job training integration proposal reflects the above goals.

As private sector representatives, the Chairs of the State Job Training Coordinating Councils believe that they have a three-fold mission: to provide oversight of workforce development programs, to give policy recommendations to their Governors and to Congress, and to ensure coordination and linkage between workforce development programs. As JTPA neared its tenth anniversary, the Chairs realized that we were not satisfied with the effectiveness and efficiency of the programs. Our work as Council Chairs has allowed us to experience first-hand the costly barriers to quality service delivery caused by the fragmented collection of policies and programs that make up the nation's human resource investment system. This prompted us to take a leadership role in to more clearly identify the problems and to lay the groundwork for solutions.

We devoted more than a year and half to this effort, which culminated in our report *Bring Down the Barriers*. This report is intended to move our mission forward in three specific ways:

- to identify the problems
- to outline a framework for solutions
- to ensure broad-based participation by all the key partners in developing consensus on the solutions

We found that the system that has been created at the federal level, although well-intentioned, is little more than a collection of programs developed by various congressional committees in response to particular needs of targeted populations. They are programs that provide a wide array of similar, often identical services. They are programs that in many instances serve the same people. They are programs that individually are underfunded but collectively spend nearly $10 billion a year. In the final analysis, they are programs that for the most part go about their job in a totally independent fashion, resulting in a fragmented response to the interrelated needs of the people who need their help.

The Chairs' Association believes that change to our existing system is critically needed if we are to create a world class workforce. The following recommended changes would provide an opportunity for states and local jurisdictions to move aggressively to pull the existing programs together as one system that can address the needs we face, be accountable, and make the greatest use of the available resources.

Program Recommendations

While there is strong sentiment for a total rebuilding of the system from the ground up, reality dictates that every effort be made to work with the existing collection of programs to form them into a rational, cost-effective, accountable human resource investment system. To accomplish this, the legal and institutional barriers that have provided reasons for keeping these programs apart must be brought down. To that end, the State Chairs' Association strongly recommends that Congress and the federal government take the following action regarding these programs:

1. Develop and require all programs to use a core information system with uniform terms and definitions. This core system should at a minimum capture basic demographic information, record services provided, and report outcomes obtained. The system should be set up so that all programs share information and can eliminate duplicative data collection. (See Attachment A for examples of terms to be considered for standardization.)

2. Develop a complementary set of results-oriented performance standards that lead to long term self-sufficiency for all the programs in the system and then use these outcome measures to manage the programs.

3. Standardize the fiscal and administrative procedures and cost categories that currently apply to the programs. By doing this, a level playing field can be created that will facilitate program integration. (See Attachment B for examples.)

4. Require each state to construct a single, integrated human resource investment plan that establishes goals, objectives, and outcome expectations for each of the programs involved.

System Recommendations

Along with the need for attacking the barriers that have effectively served to keep programs apart for decades, the State Chairs recognize the need for establishing groups at the federal, state, and local levels to take a leadership role in bringing the above referenced programs together as a system. To this end, the following recommendations are strongly endorsed:

1. Establish a Federal Human Resource Investment Board by Presidential executive order. This board should have a majority of members from the private sector, and should include the majority and minority leadership of the House and Senate along with representatives from the applicable federal agencies that administer workforce investment programs. The board should be vested with the authority to grant waivers to provisions of existing law and regulations to facilitate program integration and experimentation.

   The ability to waive federal regulations and conflicting portions of laws is absolutely critical if we truly want to hasten the building of a coordinated human resource investment system. This was a key recommendation of the NGA report *Streamlining and Integrating Human Resource Development Services for Adults*. Private sector involvement and human resource integration is good for states, and will be helpful at the federal level as well.

   We need to replace the current fragmented policymaking process with a streamlined, consolidated, coordinated approach that includes agencies having programmatic responsibility, the legislative branch, the private sector (who are the consumers of our human resource products and services), labor, and the public interest community.

   These are the players that we want at both the state HRIC level and in a comparable HRIC at the federal level. These are also the kind of representatives that have made the workforce development policy boards of Europe and Japan more effective. It is clear that some public/private sector policy

board, vested with the ability to foster generic national policy and tear down the barriers that prevent state and local areas from building an integrated system, is critically needed.

2. Encourage states to establish State Human Resource Investment Councils to replace all existing councils and boards required under these federal statutes. This HRIC should be vested with the responsibility for planning, developing, and monitoring a comprehensive workforce investment system in every state. It is strongly recommended that Congress provide incentives for states to establish HRICs, and that technical assistance be provided to the states and localities through public interest groups such as the National Governors' Association, the National Association of Counties, the National Association of Private Industry Councils, the National League of Cities, the U.S. Conference of Mayors, and similar national organizations with recognized legitimacy in human resource investment.

3. Encourage local jurisdictions to establish Human Resource Investment Boards to oversee all programs at the local level and be vested with the authority to approve or disapprove local plans for federal funds. The majority of human resource investment services are delivered by local program providers, and while the state and local role differs vastly, the idea of a private sector/government board at the local level, with the authority to require integrated planning and to provide a single point of oversight and accountability, is believed to be essential.

   Local elected officials would be charged with the responsibility of establishing a private sector/government board to fulfill this function. Existing PICs may be used if appropriate, but if unable to handle the function, local elected officials would be able to reconstitute a more appropriate PIC for this purpose. In order to be successful, PICs or reconstituted PICs will need to include individuals who have responsibility for or experience and expertise with other human resource development programs such as literacy, vocational education, skill upgrading, unemployment insurance, economic development, postsecondary student financial aid programs, and so forth.

Bring down the Barriers highlights the need for a coordinated, integrated, cost-effective human resource investment system. The workforce, its abilities and capabilities, will be one--if not the most important--determining factor in our economic future. And our country's economic future will be synonymous with our future as a world leader. More importantly, it will determine how well we and our children can expect to live in the 90's and beyond.

In conclusion, we hope that our report will advance the national policy debate on this issue, in the same way as the work of the Governors, the General Accounting Office, the Commission on the Skills of the American Workforce, the National Commission for Employment Policy, the National Alliance of Business, and others. We see *Bring Down the Barriers* as the beginning not the end of a process to develop a national strategy on human resource investment. We concluded our winter meeting yesterday with a pledge to work with all of the other key partners to take this process to the next level. We believe that the next step in developing a national human resource investment strategy should be guided by the three goals identified by the Governors and should include three key elements:

- a focus on the customer, both employers and workers;
- identifying the financial and human resources needed to support the system; and,
- defining the structure through an emphasis on the system as a whole rather than on individual programs.

The National Association of Chairs and the National Governors' Association pledge our commitment to work for a solution to this problem. Both the private sector and the states recognize and accept our responsibilities in this area. We ask the federal government to work with us and the other key national partners in developing a new national strategy.

Thank you again for your time and attention to this important issue.

Mr. PETERSON. Thank you. We'll, without objection, include that report in the record. I appreciate you staying an extra couple days to be with us. You could have brought some of that sunshine from Phoenix with you.

Mr. Crawford, have you talked to Secretary Reich or anybody in his immediate circle about this report or work that you've done? At that level have you talked to anybody specifically, or sat down with them?

Mr. CRAWFORD. We have not in detail talked about this work. We have had some conversation—a discussion with the Secretary within the last couple of months where we talked about a lot of the work that we had underway. And he expressed an interest in what we were doing and a willingness to meet periodically to talk about the work. We had hoped to meet with Assistant Secretary Ross this week, but I believe he was ill, so he was unable to meet with us.

We have had dialog, however, at the staff level throughout the Department of Labor. They contact us quite frequently for information about programs and the jobs that we're working on. And we will sometimes contact them and seek clarification and understanding of the programs and the issues.

Mr. PETERSON. Are you going to meet with Mr. Ross sometime in the next——

Mr. CRAWFORD. I believe the meeting has been rescheduled for sometime next week, we hope to meet with him then. We've also had a couple of meetings with the inspector general, and we try to do that semiannually, as well.

Mr. PETERSON. So do you get the sense that they're listening to you, or are they kind of—their position is, "Well, we're going to start with this one thing and"—or haven't you been able to get an assessment of where they're at?

Mr. CRAWFORD. No, we really haven't gotten an assessment in terms of the overall need for reform and whether their efforts with the dislocated worker program represent the first of that. I think they've been concentrating on the dislocated worker programs. And that's what we hope to discuss with Assistant Secretary Ross when we meet with him.

Mr. PETERSON. Well, we'd be interested in knowing how those meetings go.

Mr. CRAWFORD. Certainly.

Mr. PETERSON. How about the other committees with jurisdiction over these issues; have you had discussions with them?

Mr. CRAWFORD. We've had ongoing discussions with several committees. They have requested work in the past. We had a discussion yesterday with Senator Simon's staff. He's preparing a hearing for next week and he wants to talk about many of the same issues. On the House side we've had some discussions with staff on the House Education and Labor Committee as well.

And we also have, as you know, this study that we're completing for you, which also has corequestors from Senate Appropriations.

Mr. PETERSON. I think I am persuaded that to some extent we've created this problem ourselves by all these different committees trying to get the problem or issue resolved with some new program.

What I'm trying to get at is if there is any—well, maybe you can't answer this, but do you think that there is anything that's ac-

tually happening between all these committees in Congress and the administration that's going to take a comprehensive look, or are we off on just this track that we're going to try to get these six programs together and then after we get that done we're going to—do you have any sense that there is any strategic plan out there that is——

Mr. CRAWFORD. I think there is a recognition that there is a problem. In terms of a comprehensive plan, I'm not sure that one has been formulated. I think that matters of budget have caused people to look at the programs and come back and revisit them. I think the welfare reform debate is causing people to look at programs for the disadvantaged; and obviously, with the NAFTA passage, has helped to highlight programs for the dislocated workers.

Mr. PETERSON. In your report you said that coordination efforts at the State and local level can increase administrative costs and can often prove not to be all that successful. And you're arguing that the States ought to have more flexibility and these statements seem to be somewhat in conflict; or don't you think they are?

Mr. CRAWFORD. Not necessarily. We think that——

Mr. PETERSON. Are we causing those problems for the State by creating these kind of charts here?

Mr. CRAWFORD. When we have the 14 departments and 35 agencies, the States are then forced to try to rationalize within the constraints of the current system. Perhaps if we had fewer programs there would be less of a need for the States to have the various coordination committees.

Let me just have Mr. Rogers talk a little bit about the overlap and the cost.

Mr. ROGERS. In terms of your question concerning administrative costs and the cost of coordination, we believe that if the program is run independently and there was no coordination that would probably be the most inefficient and ineffective way of doing it. The coordination that takes place at the State level improves the process. What we're suggesting is that you could improve it even more by reducing the number of programs at the Federal level so that the State coordinating activities can focus more attention to the delivery of services and coordinating that aspect of it as opposed to coordinating the administrative processes.

Many of the studies that are being done now try to determine whether programs can work together. There are demonstration projects that cost into the millions of dollars just trying to determine whether or not two programs can be compatible. Those are the kinds of additional administrative costs related to attempts to coordinate.

If those programs were consolidated then there wouldn't be a need for the demonstration projects to determine whether they could work together.

Mr. PETERSON. Have you seen this legislation that's being proposed?

It's not finalized yet. As I understand it's kind of a moving target after something——

Mr. CRAWFORD. We've seen the draft, the early February draft.

Mr. PETERSON. As I understand it, it only focuses in on these six programs; right?

Mr. CRAWFORD. As best we can tell it's the six programs. The only piece of it that may impact other programs is that the one-stop career centers which seems to have sort of a universal application that other programs could use these centers, but it's not clear.

Mr. PETERSON. But you're unaware of there being anything—I mean other than just an awareness that we've got these 150 programs and we should do something about it, you're not aware of there being any specific plan that anybody is putting together to try to do what you're suggesting?

Mr. CRAWFORD. That's correct.

Mr. PETERSON. Other than this one that they're coming up with?

Mr. CRAWFORD. That's correct.

Mr. PETERSON. You say that simplicity is one of the things that you want to do. You were talking about this one-stop shopping center, does this mean that you recommend that they unify the locations for all of the services or are you talking about having some kind of electronic linkage? In other words, are you going to put them all in one place or are you going to just try to establish some way so they can all talk to each other?

Mr. CRAWFORD. I think you can achieve the simplicity principle in a number of ways. One is if you had fewer programs you would have fewer locations. And if you built the programs around, let's say, target populations within a community you would have a specified number of programs or locations for people let's say that were in need of assistance who were economically disadvantaged or for the dislocated workers.

You can also, as are some of the States look at various innovative measures. I believe the State of New York has a computer system that allows you to access the system from a number of different remote locations. There are other States that are trying—Pennsylvania, I believe, had a one-stop center that they're experimenting with where they are trying to bring under one roof and one center coordination the jobs program from Health and Human Services and the JTPA program, or at least a portion of that. So, States are trying to do that and I think you can achieve that, as well.

If you just have fewer players and fewer programs, I think it just makes it a lot easier to accomplish.

Mr. PETERSON. So that whatever you do is not going to probably work unless you get some of these programs collapsed down so they can figure out how to manage them?

Mr. CRAWFORD. That's correct.

Mr. PETERSON. Just creating this new one stop, in your opinion, won't solve the——

Mr. CRAWFORD. No, it won't necessarily solve it. It could be another program.

Mr. PETERSON. On the question of accountability you're measuring these programs—when we had this hearing on the Trade Adjustment Act it says that the program, even though it's been in operation for 19 years, lacked information about its impact on those that it was designed to help.

Today you said in your testimony that some programs cannot readily track participant progress across programs and sometimes within programs. And then you stated that Federal oversight consists primarily of broad policy guidance, limited technical assist-

ance, and a minimal scrutiny of program implementation and operation. Does this lack of information exist across all of these 150 programs? Is it kind of universal that we don't have this basic information—do these criticisms apply to pretty much everything?

Mr. CRAWFORD. Mr. Chairman, we're preparing a report now, that we hope to have released shortly, that will provide more detail on that topic. We'll have more information to provide to you in the future.

Mr. PETERSON. Mr. Sofranac, you're trying to get all these hymn singers to sing from the same hymnal. Do you think there is—in your opinion from the National Governors Association is there something going on that is going to get at this in a comprehensive way that you're aware of?

Mr. SOFRANAC. We think there are some steps being taken, but obviously when we say we'd like to lead the charge to bring some type of strategic planning process to the whole area, it's not because we think we're necessarily the smartest or have all the information——

Mr. PETERSON. Do you feel like there is an avenue for you to bring that charge?

Mr. SOFRANAC. We certainly believe there is.

Mr. PETERSON. What is it?

Mr. SOFRANAC. Since last year when we started distributing the Barriers paper we visited with a lot of partners. We've continued to present it to Congress, had congressional representatives come to our meetings, worked with these various associations, worked with the administrative entities at each State, the liaisons group who you're going to hear from a little later and everybody is saying they need this. The GAO is——

Mr. PETERSON. I understand that. I sit here and I have to tell you that it's hard for me to understand how this is going to happen. I mean, I think everybody kind of wants it to happen, but it's unclear to me what it is that's going to make this happen. I doubt that we're going to be able to make this happen.

Mr. SOFRANAC. Right.

Mr. PETERSON. And I don't know if maybe you have some strategy, or all these people who have been meeting, have some strategy that I'm not aware of.

Mr. SOFRANAC. Pardon my naivete to all this process, but last year as we went around and presented this thing I was surprised how well we were received and how unique it seemed to be that we were inviting so many people to come and talk together, to come to the same table.

And because it was so well received, by not only the partners, but the congressional and administration representatives, we thought, "Well, let's keep it going," because obviously nobody else is going to just step up and say, "Let's bring all these groups together."

It may have been naive on my part to think that that was ever going to happen. But now I've accepted the fact that it hasn't happened to that degree and our chairs association says, that we are willing to be that conduit, not that we know it all, but to be that conduit and bring them together.

We outlined some things at yesterday's meeting that we want to present to the National Commission for Employment Policy and some others that takes this to the next step on how we think we can bring some more groups together to start to outline a national strategy.

Mr. PETERSON. Are you making this available to the appropriate people in the administration, to all different committees that are involved in this?

Mr. SOFRANAC. As much as we have this, we certainly will do that as well. We've just begun that process. But we've tried to distribute this to as many people as possible.

And, as I said, we've met with administration and congressional representation to do that.

Mr. PETERSON. What has been the response to your Governors' letter to the President?

Mr. SOFRANAC. Just a couple of days ago the President did respond back that he was in concurrence with the information that the Governors had presented and that, in fact, has assigned a task force and leadership in order to start bringing some of that information together as well.

Mr. PETERSON. So, he has a task force that he's set up?

Mr. SOFRANAC. Well, not specifically a task force. Can I refer that to Ms. Strawn?

Ms. STRAWN. He responded in the letter just yesterday, actually, that Carol Rasco was heading up an inner cabinet group on integrated job training.

Mr. PETERSON. And are all of these people that are on this here included in this?

Ms. STRAWN. So far we don't have any more information than that.

Mr. PETERSON. So, all we know is that there is going to be a task force?

Ms. STRAWN. That's right.

Mr. PETERSON. And Carol Rasco is going to be the head of it?

Ms. STRAWN. Yes.

Mr. PETERSON. Well, that's some progress anyway. We'll have to track that. How does your group view this Reemployment Act and the one-stop shopping centers? Do you think that that meets your recommendations?

Mr. ROGERS. Not totally. Again, we think it's a step, as Mr. Crawford mentioned too, but there is a number of areas that we think it is not comprehensive enough as it tries to bring various programs together.

You mentioned the fact that we too believe that there ought to be some consolidation. When we say the States need to maintain that flexibility—there may be different things within the different States that need to be consolidated. It's not the same program for each State. There may be ways to consolidate some things.

The one-stop aspect we still have some concern over. It seems to be viewed as if it's bricks and mortar, that you need to put everything in a building. The availability of technology that you referred to—there are tremendous efforts made in individual States on how you can bring technology into play that creates that one stop with-

out even making a bricks and mortar place where people have to line up in order to get service.

And the other element that we have some—not necessarily concern, but we want to maintain our input, is the role that private sector needs to play in that. We need to take responsibility for some of the things. For us to try to continue to shift everything to Congress—there just isn't enough money to do all that. We need to have—we think there needs to be better articulation on the role the private sector plays in whole process, and that we're willing to play that role.

Mr. PETERSON. In your attachments to your publication, "Bringing Down the Barriers," I noticed there were quite a few endorsements of it.

Mr. SOFRANAC. Right.

Mr. PETERSON. But I also know there are some objections, especially from the National Association of State Councils on Vocational Education.

Mr. SOFRANAC. Right.

Mr. PETERSON. Do you know whether that group has reconsidered its opposition or have they presented some alternative or what's going on there?

Mr. SOFRANAC. Let me answer those in reverse. We have not heard of another alternative. What we chose to do, and we took the risk in doing it, and we promised all that would respond that we would print it as they responded because we felt, as we discussed, and as we presented it, that there was 80 to 90 percent agreement in virtually all the issues—so, we thought why let that 10 or 20 percent stop us from making progress like it has before when there is so much agreement.

There is clearly some concern between vocational education, general education, and job training about turf protection. But, you know, the customer is tired of that and is not willing to sit and listen to turf protection much longer. So, we said we're going to plow ahead and everybody is welcome to respond and let's hope that we can ameliorate that 20 to 10 percent of disagreement and still have a good program.

Mr. PETERSON. So, you haven't got them on board yet, in other words?

Mr. SOFRANAC. Well, we've got a section of it on board but not totally convinced in all that area, no.

Mr. PETERSON. Another objection was one that came from the Employers National Job Service Council, whatever that is, which feared partisan influences and patronage systems if local human investment boards were appointed by elected officials. What is your response to that comment?

Mr. SOFRANAC. Well, I think again, each locality needs to identify what is their best local work force investment board, so to speak. ENJSC thought it was a job services group, NAPIC throughout it was their group, National Association of Private Industry Council—what we had said is we don't want to dictate to the locality as the State overseer but we want to see those two together and come to some resolution so you can create one.

Mr. PETERSON. Mr. Shays, do you have any questions? Welcome Congressman Shays from Connecticut. If you have any statement, we will include it in the record.

Mr. SHAYS. Thank you. I have no statement to introduce. I welcome the gentlemen here and in the next panel that will follow. The Budget Committee is going to be meeting at 1 o'clock today and we will be taking a number of the various jobs programs and consolidating them into seven programs and looking to save some money in the process.

I'm struck by the fact that GAO has done a really good job of documenting the problem, but has not really came forth with very specific solutions to problems. Is that because GAO views this more as a policy issue?

Mr. CRAWFORD. We view it as a policy issue. We feel that there should be fewer programs and feel that that's for the Congress then to decided exactly how many programs, what groups would be served and the services, and the array of services.

Mr. SHAYS. The only successful programs that I've really encountered, and I know there are some, but when you're spending $25 billion you like to think there are some of the private industry council programs. There are young welfare moms who have been given some good training and have been not only trained for a job but actually ushered through the process and called up every morning to make sure they have gotten up on time and have been helped to realize how important it is to be timely and so on. So, I know there are some.

But I really appreciate, Mr. Chairman, your conducting these hearings because I believe we focus attention on a lot of programs and talk about the waste and welfare and so on, but this area I think has been insulated. As a Member of Congress—I'll get to my question—as a Member of Congress I sometimes will get people who will argue for certain programs like LIHEAP. It's very significant in New England, and I don't mean to say it's not important to recipients, but the people who see me first are the utilities and they're the people who handle the program. It tells me we have a lot of people that have vested interests, which you document in your report.

Of the 154 programs and $25 billion how much of it do I isolate out as Pell grants and student loans and so on?

Mr. NILSEN. There is some information in the appendix.

Mr. CRAWFORD. We need to take just a minute.

Mr. SHAYS. That's fine.

Mr. NILSEN. In appendix 2 on page 21 of the statement——

Mr. SHAYS. Which page of the statement?

Mr. NILSEN. Page 21 of the statement, appendix 2, you'll see the 60 or so odd programs for the Department of—it's actually page 22.

Mr. SHAYS. It starts on——

Mr. NILSEN. Page 22 is the information on Pell grants and guaranteed student loans. It comes to about $8 billion. This is the portion of those programs that goes toward technical training, not toward baccalaureate degree programs.

Mr. SHAYS. So, the vocational schools and so on——

Mr. NILSEN. That would be in this figure.

Mr. SHAYS. How much would be under the baccalaureate?

Mr. NILSEN. Offhand I don't know.

Mr. ROGERS. This is only about a quarter.

Mr. CRAWFORD. It's about a quarter, we believe.

Mr. SHAYS. What I'm trying to isolate—the bottom line to my question is how much dollars are we talking about for the programs that actually try to educate someone and marshal them through and hopefully at the end there is a job waiting for them? Of the $25 billion how much of that is that kind of program?

Mr. NILSEN. In terms of a direct service program?

Mr. SHAYS. Yes.

Mr. NILSEN. I don't think we have it broken how that way.

Mr. SHAYS. How come, just offhand? Why wouldn't we break it out that way?

Mr. NILSEN. One of the things that we were trying to do with this is illustrate that there are a number of ways that the Federal Government provides job training assistance, employment training assistance to people and not just say, OK, let's just look at the programs that deliver services this way.

And part of what we've been documenting is the problem that this is not viewed as a system. And as we were talking before, we're looking right now at reforming the dislocated worker programs, but we don't know what's happening to the rest of the system. And as the gentleman speaking for NGA said, there is no overall structure right now identified with how these are all fitting together.

Mr. CRAWFORD. We will be happy to provide that information for you.

Mr. SHAYS. But isn't it kind of instructive that that question can't be easily answered? That in itself is a lesson to me. I mean it's fascinating when you think about it.

Mr. CRAWFORD. We can look at that, Congressman, and see if there is something we can provide. We're not sure that information is readily available.

Mr. PETERSON. I think it would be an interesting way to take a—if you could isolate——

Mr. SHAYS. I have a sense that—yes, sir.

Mr. PETERSON. Go ahead.

Mr. ROGERS. I just wanted to say that—one of the things that we have done is adjust some of the funding levels, as a matter of fact there is a footnote attached to the table, in some instances where the information was available we have isolated, in a sense, that portion of the program that went to providing employment training assistance for adults and out of school youth. In other instances we were not able to isolate—the program people could not provide us the information necessary.

Mr. SHAYS. My sense is—and correct me if I'm wrong—that the committee is getting into this and this will not be the last hearing we will have on this issue.

Mr. PETERSON. We're going to continue, right.

Mr. SHAYS. Because we're talking about an extraordinarily large sum of money and as Congressmen and Congresswomen we come in contact with people who have gone through programs with no jobs available at the end.

I'm just struck with the fact that there may be more than 154 programs? There may be some programs you haven't identified?

Mr. CRAWFORD. It's possible.

Mr. SHAYS. When I got into investigating HUD I was amazed that the Agriculture Department also had a housing program—I guess I shouldn't have been. This is also a reflection of what committees have jurisdiction and what departments have jurisdiction and so on.

I'm just going to consider today that you're serving the ball to us and that the ball is in our court. But we're getting back to you—I would like to have you divide up the kinds of outright grants to students, separating all of them in the various departments and the kind of programs where we have a large administrative cost and bureaucracy.

I would like to commit to taking an active role—I hope our report can recommend ways to consolidate. In other words, you're not making those policy decisions, but it would be helpful if we had some recommendations.

It would be interesting—have you tried to articulate how you can categorize each of these programs in a way that we can make sense out of it?

Mr. CRAWFORD. What we had tried to do along those lines was to, in developing the principles, recognizing that there would be a number of different ways that the Congress may wish to pursue consolidation——

Mr. SHAYS. Right.

Mr. CRAWFORD. What we tried to do there is to identify or distill the number of things that we have heard from other people, researchers, and from our own work, into the four principles about simplicity.

As you look at, and you're grappling in the budget committee, with trying to consolidate programs, look at the issues of—for example it would be simplicity—in creating this consolidation will it be easier for administrators and clients to find? Will we have fewer administrative structures as a result of the consolidation, those kinds of things?

Mr. SHAYS. OK, but I'm just trying to think of ways that we—and maybe Mr. Sofranac—is that how you say your name?

Mr. SOFRANAC. Yes.

Mr. SHAYS. Maybe you could be helpful in this regard as well in terms of just trying to find the different ways we categorize, forget committees in this place, what's the logical way to deal with it? I would like to make a request, I don't usually do this at a public hearing, but I would like it very much if you would come and meet my staff.

I would like to commit that we will take this on as a project because I see tremendous opportunities.

Let me make one more point to you—just in terms of veterans' programs, we have a larger veterans' program out of the Labor Department then we have out of the Department of Veterans Affairs in Connecticut? We have 26 people out there and they don't even communicate with each other? They work for different bosses? They have no interaction?

I think that this committee could probably find ways to save billions of dollars but more importantly provide a service, ultimately, that's better.

Mr. CRAWFORD. One other thought, Congressman. As you scrapple with how to rationalize the system you may want to look at doing it along target populations, that might be a way too; as you look at that in budget.

We would be happy to meet with your staff, provide whatever assistance we can.

Mr. PETERSON. I don't know if you were here when I was focusing kind of on the same thing. It's unclear to me how this is going to happen. I think to some extent it's failure of the structure of this place. In our State legislature in Minnesota I was on the Government Operations Committee, we had total authority to reorganize departments. That was the main function of our committee.

The problem with this structure here is we don't have that authority and nobody really does. It's kind of dispersed all throughout appropriations, authorizing committees, all over the place. There is no structure to bring a force to bear to try to reorganize this stuff. So, it never happens. Maybe we could just take the ball and run with it and force people even though we don't have the jurisdiction.

Mr. SHAYS. I think we have the one ability to reach out to all these programs with jurisdiction and write a report that documents the kind of savings that we think we can achieve, and if we improve the programs we can have some force.

Mr. PETERSON. It's too bad that our committee doesn't have the legislative jurisdiction to do this. I think we can get at a lot of these problems. That's what we used to do in our State legislature. And in this committee to reform the Congress I don't think that even came up, which it probably should have. That's probably our fault that we didn't bring it up.

We have to go over and vote. We'll let you go. We're going to have another panel. The next panel we'll call after we return from this vote.

Again, thank you very much for being with us. We'll stay in touch and we'll see if we can get something going here and try to get some overall focus to things. We appreciate the work you're doing and look forward to keeping up with it.

Mr. SOFRANAC. Thank you.

Mr. CRAWFORD. Thank you.

Mr. PETERSON. The subcommittee will stand in recess until we get back from the vote.

[Recess taken.]

Mr. PETERSON. We're going to come back to order. We next have Mr. Darrell Minott from the State of Delaware. He is the Secretary of Labor. He has some entertainment for us here. This being an investigative hearing we swear in all witnesses so as to not prejudice anybody. So, if you don't mind being sworn in.

[Witness sworn.]

Mr. PETERSON. Thank you. Mr. Minott, we'll have you go first. We appreciate your coming down and spending some time with us. Hopefully you won't have as much of a maze as Massachusetts.

Mr. MINOTT. Definitely not. In fact, we think we have the solution.

Mr. PETERSON. Good, that's what we need, some solutions. We have enough problems.

Mr. MINOTT. For the record my name is Darrell Minott, cabinet secretary for the Delaware Department of Labor under the administration of the Honorable Thomas R. Carper, who not too long ago was a colleague of yours.

Mr. SHAYS. A good friend.

Mr. PETERSON. His locker was next to mine in the gym. We miss him.

STATEMENT OF DARRELL MINOTT, SECRETARY OF LABOR, STATE OF DELAWARE, ACCOMPANIED BY BOB CLARKIN, MANAGER, PLANNING AND POLICY, EMPLOYMENT AND TRAINING DIVISION; AND MIKE HOJNICKI, INFORMATION SYSTEMS SUPPORT SPECIALIST

Mr. MINOTT. I would like to introduce Bob Clarkin, who is my manager of planning and policy for the division of employment and training, and Mike Hojnicki at the computer terminal who is my information systems support specialist.

I appreciate the opportunity to talk to you today about your interest in creating a more comprehensive and customer oriented national employment and training system.

I believe that the most important step which can be taken toward developing a more comprehensive system involves utilizing automated information systems, which tie together numerous data bases covering the myriad of Federal, State, local employment, and training programs and services.

Why? Because what our clients want the most is easy access to information. One of my clients in Delaware recently summed it up quite nicely when she stated: "I wish that the first person who picked up the phone or saw me could answer my question or solve my problem."

Quite frankly, her frustration stung me, because we attempt to be very customer oriented in Delaware. We're a small State.

Our Labor Department's concept of one-stop shopping involves more than simply colocating staff of different divisions. It also involves the strategic use of region III's automated job search system, which we have placed on kiosks and PC's and located in schools, community centers, and at companies facing massive layoffs.

However, our customers want more. They want easy access to information covering the gambit of programs and services that we administer. As a result, we are now developing an expanded automated information system which can inform a client about: Job vacancies; occupational data covering career opportunities, earning potential and skill requirements; and education and training programs, including eligibility requirements.

In addition, it will provide information on support services such as child care, elder care, scholarship opportunities, substance abuse counseling, and transportation options.

We have a prototype of this system which we are prepared to demonstrate today.

Through the wide use of kiosks, we will service more clients, as well as a wider variety of clients—dislocated workers, welfare recipients, and school-to-work participants, for example. This system

will also relieve those caseworkers and managers who are currently providing the services from basic administrative tasks and free them to provide more intensive services to our clients.

In summary, I believe that in order to create a more comprehensive and customer-oriented employment and training system this Nation must embrace automated information systems such as ALEXIS.

With the chairman's permission, we would now like to demonstrate the system.

[The prepared statement of Mr. Minott follows:]

STATE OF DELAWARE
DEPARTMENT OF LABOR
CARVEL OFFICE BUILDING
820 N FRENCH STREET
WILMINGTON, DELAWARE 19801

OFFICE OF THE
SECRETARY

STATEMENT BY THE HONORABLE DARRELL MINOTT
SECRETARY OF LABOR, STATE OF DELAWARE
BEFORE THE HOUSE SUBCOMMITTEE ON EMPLOYMENT
HOUSING AND AVIATION
MARCH 3, 1994

Thank you Mr. Chairman and other distinguished members of the Subcommittee. I appreciate the opportunity to talk to you today about your interest in creating a more comprehensive and customer-oriented national employment and training system.

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BEST COPY AVAILABLE

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DEMONSTRATION [Note: Materials are attached]

Delaware Department of Labor Staff present:

The Honorable Darrell J. Minott
Secretary of Labor (302) 577-2710

Robert J. Clarkin
Manager of Planning & Policy
Division of Employment & Training

Janis P. McCullough
Associate Director
Delaware Occupational Coordinating Committee

Deborah Wiggin Neff
Executive Assistant to the Secretary

Michael W. Hojnicki
Information Systems Support Specialist

ALEXIS

ALEX INTEGRATED SYSTEM

Provides applicants with computerized, self-service access to information on employment opportunities, training opportunities, educational opportunities, labor market conditions, and community-based supportive services.

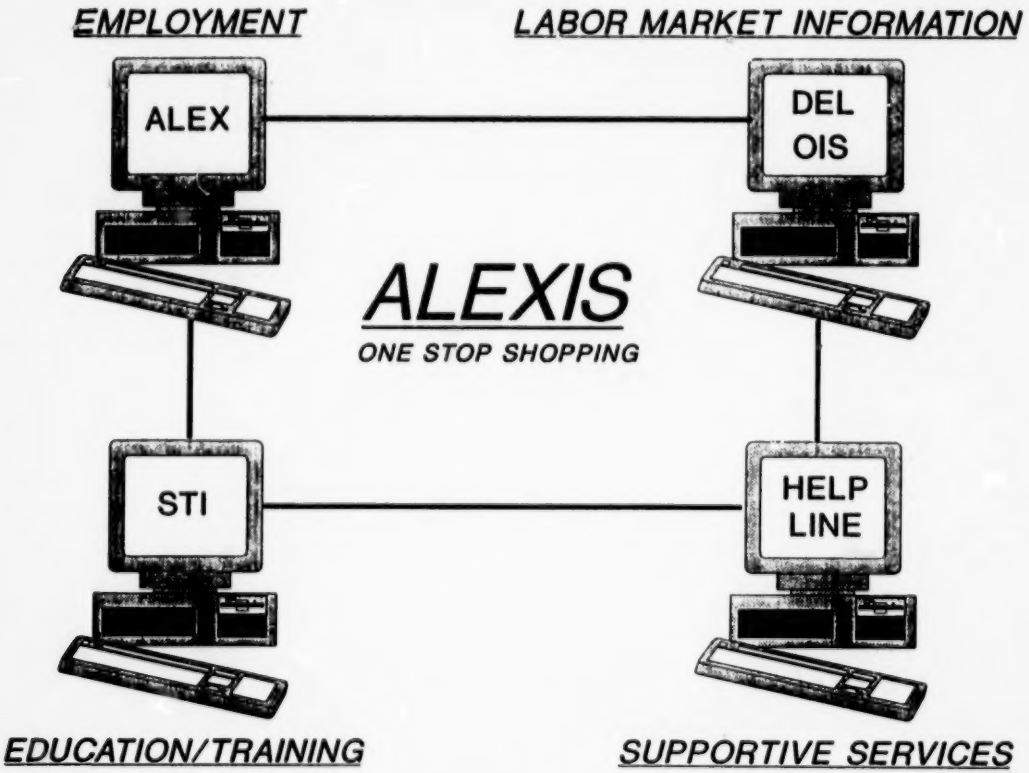
ALEXIS SOLUTION

AUTOMATED ONE STOP SHOPPING

PROBLEM: No centralized source of job openings, occupational information, education and training opportunities, and supportive services available to the public or human services professionals.

The information exists today in stand-alone systems developed by different agencies:

ALEX - Automated Labor Exchange, DOL/DET
DEL-OIS - Delaware Occupational Information System, DOL/OOLMI (SOICC)
STI - State Training Inventory, DOL/OOLMO (SOICC)
HELPLINE - Supportive Services Inventory, United Way/DHSS


EMPLOYMENT
LABOR MARKET INFORMATION
ALEX
DEL
OIS
ALEXIS
ONE STOP SHOPPING
STI
HELP
LINE
EDUCATION/TRAINING
SUPPORTIVE SERVICES

101

ALEX

AUTOMATED LABOR EXCHANGE

- Developed by the USDOL/ETA Region III, Multi-State Job Bank Pilot Project (June, 1989 - August, 1992).

- Cooperative effort between Delaware, Pennsylvania, Maryland, Virginia, West Virginia, Washington, D.C., and the Interstate Job Bank in Albany, New York.

- The goals of the project were threefold:
  - To share job order information between the states.
  - To update the job order information on a daily basis.
  - To provide applicants with automated, self-service access to the job order information.

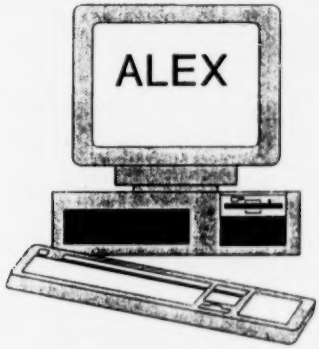
ALEX

AUTOMATED LABOR EXCHANGE

- *FRIENDLY ALEX* provides access to local, statewide, regional, and national job opportunities listed with the Division of Employment and Training.
- *FRIENDLY ALEX* is easy to operate and allows the public to conduct their own independent job search. No prior knowledge of computers is required.
- *FRIENDLY ALEX* also provides access to statewide, regional, national, and worldwide Federal Job Opportunities.
- *FRIENDLY ALEX* allows veterans to enter their Military Occupation Code and view civilian job opportunities that match their military training and experience.

ALEX

THE AUTOMATED LABOR EXCHANGE



Provides applicants with computerized, self-service access to local, statewide, regional, and nationwide job orders.

Mr. CLARKIN. Thank you Mr. Chairman, Congressman Shays. I would like to demonstrate this morning a prototype of the system that we call ALEXIS. And as Secretary Minott stated this is an enhancement on the region III's ALEX system.

The ALEX system was developed about 3 or 4 years ago and provides the public with computerized access to job order information. Our ALEXIS system will integrate in with the job orders information on educational opportunities, training opportunities, labor market conditions, occupational titles and descriptions of jobs along with related social services human resources that are available in the community to assist people as they go throughout training and they search for jobs.

Again, this is a prototype of the system. This isn't a working system. We developed this just to demonstrate the functionality of a system that allows us to get into various data bases and to use crosswalks to move from one data base to the other data base.

I would like us all to kind of dream for a second that we are an unemployed automobile line assembler. We've been out of work now for about 3 months. We worked on a line that was automated and we have a little knowledge of computers and we're very interested in computers. We've been looking for a job as an auto assembler now for about 3 months and haven't found one.

In order to start our job search in the system you would simply touch or click on the job search icon. This will bring up information that is similar to what's in our ALEX system. It allows the job seeker to search through a data base of job openings that's updated on a daily basis.

In the system that we hope to develop you'll be able to search on a job title, a job code, a location of a job in your own city, in your own county, in your State, in another State, in the region or anywhere in the whole United States.

It will also let you do searches on salary, on education, and on experience required, or the experience that you have.

I do my job search. I'm an automobile assembler. I don't find a job for an automobile assembler, however, I do see a job for a computer programmer. And to get information on that job I click on computer programmer and I touch the information icon asking for information on that job.

This brings me quickly to a job information screen which is the type of information that Delaware and a lot of States now have in their automated job search systems similar to ALEX. It gives you the job title, the salary, the education requirements, a description of the job provided by the employer.

Where most of the systems out there stop is at this screen. They don't allow you to jump from this screen over to other related information. Being this unemployed automobile assembler—I want to become a computer programmer but I notice that I have to have 14 years of education to get this job. I only have 12 years of education. I'm trying to decide how can I get training or education in order to enter that job.

I can simply come down to the training and education icon, either touch that or click on that, and through nationally maintained crosswalks that the National Occupational Information Coordinating Committee maintains our system takes the job code, turns it

through a crosswalk into education and training codes and brings up the training in Delaware that's related to the job I'm looking for.

So, this screen will show me training opportunities in the computer programmer field. If I was interested in the training that's available at Goldey Beacom College, which is a community college in northern Delaware, I would click on the title and bring up the training and education screen.

In the prototype we have limited information on the screen. It tells you the program title again, the name of the school, the type of school it is, the city, the telephone number. In our real system we're hoping to have a lot more information on the screen that will be available.

We might have an icon where you would click and get a little history on the school, where it is, how many students are there, how long it's been in existence.

You might click on another icon and get information on the performance, how many students after 6 months of completing a course at this college are employed? What is there average retention a year later? What is their average entry wage when they complete training in this course?

You could also click on an icon and bring up financial assistance that's available, Pell grants, JTPA funded courses and any other assistance that is available on the tuition side.

Now that I know I want to be a computer programmer, I know there is a school in my locality where I can get that training, I want to know is it worthwhile for me to pursue this occupation.

I can simply come down and click on the occupational information icon and I go out to a data base that includes information on that occupation which will give me labor market information and occupational information.

On this screen I can get information such as in Delaware there is annually 129 openings in this field. There is an annual growth rate of 48.2 percent. The average wages per week are $685. I can get a description of what this occupation is. I can also get a description of Delaware specific entry-level hiring practices to tell me what I have to—how do I have to prepare myself to enter into this field. We also have a graphic representation of the growth in this occupation from 1990 to 2005.

So, we're hoping that this system—you can enter this system looking for jobs that are available, looking for training that's available, looking at the types of occupations in your locality or in your State or in another State, hopefully one day, that have the potential to grow in the future so that you're not taking training for a job that has a negative growth rate.

Being an unemployed auto assembler—I'm also a single parent and I have a 10-year-old daughter. And I know if I get into this JTPA funded computer programmer course it's going to be 12 months at Goldey Beacom College I'm going to have to make day care arrangements. So, we'll also have a data base of services that are available in the community. I can access that data base by touching this services icon.

I'm interested in child care so I would come down, click on the child care title and get more information on child care that's available in my community.

Being that this is a prototype we just put limited data about services and it would tell me here that there is an organization called child care connection that's in my town, it's open Monday through Friday 9 a.m. to 3 p.m., it has open eligibility and I can contact that organization and I can relieve one of the barriers that I have to going into training and successfully completing that training which would be child care.

We're hoping that through funding that may become available through the one-stop shopping initiatives that will be coming out of Congress or through employment service automation grant, funds that may become available shortly, that Delaware will be able to design a national system that will allow clients and also the workers at our offices, at the offices of—that where welfare clients are going in, where food stamp clients are coming into, to access this kind of comprehensive information, to locate all the employment and training that is available in our State for our clients easily, to locate all of the job opportunities that are available, to locate current accurate labor market information to help us and to help counselors and to help our customers to make sound decisions in where to invest our training dollars and where our customers will invest their time.

And also to get into a data base full of human services that are available in the community to help alleviate the barriers that the disadvantaged individuals have to entering training, to completing training, and then, to finding a job; and the barriers that dislocated workers are having. Thank you very much for the opportunity to demonstrate the system to you.

Mr. PETERSON. Do you have this data base up; do you have all of this stuff in place now?

Mr. CLARKIN. No, we don't. Delaware was part of the multi-State job and pilot project which started in June 1989 and went through about June 1991. That was a pilot project in region III which was Delaware, Pennsylvania, Maryland, Washington, DC, Virginia, and West Virginia which developed the original ALEX system, which stands for the automated labor exchange, that lets the public come up to a computer terminal and do a job search.

Mr. PETERSON. That is in place now in all of these States?

Mr. CLARKIN. It is in place in all of the States in region III. It has been made available about 1 year or so ago, nationally, through the Federal Department of Labor, and there is about 22 States that use ALEX or they have taken the ALEX software and changed the name and they may call it Jobs Plus or——

Mr. PETERSON. Is this a national data base that you hook into?

Mr. CLARKIN. Yes, we do. There is an organization in Albany, NY called America's Job Bank. It used to be called the Interstate Job Bank. What we do in Delaware each day as we enter job order information into our computer system, at night, our mainframe computer pulls out all of the jobs that are $6 an hour or more, permanent and full time——

Mr. PETERSON. And sends them up there.

Mr. CLARKIN [continuing]. And sends them up to Albany, NY and then, they send it back to us and the rest of the States that have been——

Mr. PETERSON. So, this is the system that this ALEX is tied into?

Mr. CLARKIN. Yes.

Mr. PETERSON. And what you are going to propose, this next step would utilize that as well as some other data bases like colleges and——

Mr. CLARKIN. Yes, we have in Delaware—and they are national data bases. There is a national data base that is made available to the States through the National Occupational Information Coordinating Committee which is made available to each State that has a State occupational information coordinating committee or SOICC.

There is a national data base called STI, or the State Training Inventory. That is the data base that we plan to use that will have all of the information on educational and training opportunities, and we have agreements with the local colleges, universities, the JTPA training providers, and other training providers in Delaware to put the information into that data base.

The services data base in Delaware, we access that through a data base that the United Way puts together each year and updates. The labor market information is provided to the Department of Labor's Office of Labor Market Information. It collects and does surveys on——

Mr. PETERSON. So, you are online with all of these data bases, is that what it is?

Mr. CLARKIN. Yes, sir.

Mr. PETERSON. And the kiosks are—what are they, like dumb terminals with a modem in them or something?

Mr. CLARKIN. Yes. We have, in the ALEX project we developed three ways to deliver the ALEX system. The first one was through what's called a dumb terminal that attaches to a mainframe computer.

We found that that was very expensive to try to export it out to a nontraditional site. The next piece that we developed was a kiosk ALEX that—it sits in a little kiosk that looks like a mail box. It has a touch screen, it has a video disc, it has a printer, it plays introductory music, it has an attract loop, and you just touch the screen to navigate.

Mr. PETERSON. Is that a PC?

Mr. CLARKIN. Yes. That's PC driven. We also have another version of ALEX that is a stripped-down version of the kiosk that you can actually place on a stand-alone PC and put out at a community center, a plant that's closing, a college, a university, a library.

Mr. PETERSON. You give them the software then, so that they can run this, is that it?

Mr. CLARKIN. Yes, we give them the software and then we allow them to dial into our network and transfer the information over a telephone line.

Mr. PETERSON. So they have to pay for the phone lines or the hookup, the telephone charges and all that sort of stuff?

Mr. CLARKIN. Yes, they do.

Mr. PETERSON. And your problem now is you don't have money to hook this all up or——

Mr. CLARKIN. Yes. We used Job Training 2000 initiative grant which came out a couple years ago. Delaware got about $20,000. We did a year study, a feasibility study, to see if it was possible to integrate this data together and to design this system. And we did a big feasibility study that lasted about a year.

After that we developed a prototype, and now we're anticipating that we will be able to locate a funding source to help us design the whole system.

Mr. PETERSON. Is any other State doing this, that you're aware of?

Mr. CLARKIN. Not that I'm aware of.

Mr. MINOTT. Not that I'm aware of.

Mr. PETERSON. And where are you in this process of getting this money? Are you—have you found it all yet or——

Mr. MINOTT. Well, we would hope that title IV of the Reemployment Act of 1994 may supply something.

Mr. PETERSON. A partial grant?

Mr. MINOTT. Yes.

Mr. PETERSON. And then are you going to make this available to other States then?

Mr. MINOTT. Yes.

Mr. PETERSON. Do you have to have Windows to run this, is that what you're——

Mr. CLARKIN. On the prototype you do. On the PC version that we hope to make, its very flexible. It will also work on DOS based hardware.

Mr. PETERSON. On a Mac?

Mr. CLARKIN. It would be Mac based; it would also work on a touch screen and it would work under Windows. We also see a need to set levels in it where there might be a level, a low level of information that we would give to the public.

There would be another level of information you would give to an employment interviewer, say, in an employment service office. There would be another level of information that you would give to a counselor, say, at a school working at a school to work transition program.

Then there might be another level of full-blown information you would give to managers and administrators and planners that have to get into the full-blown occupational projections that might be confusing to the public. But we would hope that there would be different levels and different platforms that we could deliver it on.

Mr. PETERSON. So the public wouldn't have to pay anything when they went to this kiosk, that will be funded?

Mr. CLARKIN. No.

Mr. PETERSON. How about these other folks at these different levels? Are you going to make them pay for it or is that all going to be made available free of charge or——

Mr. CLARKIN. With ALEX, we provide the data. We have it at each of our employment service offices throughout the State of Delaware. The division of employment training purchased equipment on our own and put it out at other State agencies. We have it at a DuPont site in Delaware that's closing and we made it avail-

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able there. We have it at the Veteran's Administration, Dover Air Force Base.

Usually, if money is available we buy the equipment and we place it there and we train them on how to do the downloads. If they already have their—have computer equipment, then we can simply load the data base on—the software and data base on their equipment.

Mr. PETERSON. But you're not—are you using a data base or are you just hooking into somebody else's data base?

Mr. CLARKIN. We're using a data base that——

Mr. PETERSON. Program?

Mr. CLARKIN [continuing]. That we keep at the Department of Labor. It's a data base of jobs that comes through the interstate job bank that we maintain.

Mr. PETERSON. But that's just one part of this though?

Mr. CLARKIN. Mm-hmm. The State training inventory where the employment and training information—in Delaware where we're lucky, we kind of have one-stop shopping. We have an Office of Labor Market Information that is under the management of Secretary Minott, so that the Department of Labor in Delaware maintains the job bank.

They also maintain the employment bank, the training bank, and the labor market information bank under one administrative entity.

Mr. PETERSON. Well, your whole government is in one place isn't it? I mean, the counties—what do you have, two counties, three? And they are all in the same place?

Mr. MINOTT. Three counties.

Mr. PETERSON. Do they have the same courthouse or something or whatever it is? Is that right? You're not going to answer.

Mr. MINOTT. I've never been to their courthouse.

Mr. PETERSON. Do you have any——

Mr. SHAYS. I just need to say I'm on the Budget Committee and we're reporting out the budget today. I will be leaving and I apologize to our two other speakers. If you have any interest in pursuing this with my office, my gentleman staff person, Chris Alred would be delighted to meet with you and love to pursue the dialog. Thank you for coming today.

Mr. MINOTT. Thank you very much

Mr. PETERSON. Well, let's go on to Mr. New who is from North Carolina and with the division of employment and training of the North Carolina Department of Commerce. We appreciate your coming up.

STATEMENT OF JOEL C. NEW, DIRECTOR, EMPLOYMENT AND TRAINING DIVISION, NORTH CAROLINA DEPARTMENT OF COMMERCE

Mr. NEW. Thank you Mr. Chairman. Glad to be here, appreciate the invitation.

I'm the director of the division of employment and training. I'm here representing North Carolina, but I'm also the chair of the National Association of State JTPA Liaisons. That's an organization of the 54 States and territories that represent their Governors to the Federal level in terms of operation of, primarily, JTPA, but also

almost—well, definitely the majority of them have responsibilities in a variety of other areas, such as the employment service in unemployment insurance [UI] and even the JOBS program in some States. It varies. So we have a good representation.

Coincidentally, I am the chair of the SOICC in North Carolina, also, which is something that's shared among the member agencies, and I really appreciated the packaging that my panel members here had done in putting the occupational information system out for the public. It's an excellent, excellent piece.

In North Carolina, Governor Hunt has established the Governor's Commission on Workforce Preparedness, which is our human resource investment council, as a mechanism for addressing multiple programs. While remaining hopeful we could not wait for the Federal Government to begin to consolidate job training programs into a more workable system.

And our response has been to establish this commission as a mechanism for coordinating policy and planning and involving all the workforce development programs funded from the Federal level or created within our State.

We conducted an inventory in North Carolina similar to the report that you received from the GAO. We found a slightly different definition, but it includes many of the same programs with a different categorization, 45 programs in seven agencies across State government. It's an essential first step for any State, or at the Federal level for that matter, to begin to analyze how much money is going to workforce development and get a good solid feel of what's out there and how it's being administered. We did that with our inventory and it gave us a good start.

In response to that report, from my perspective as the director of the Job Training Partnership Act program in North Carolina, the problem lies in the prescriptive nature of the many Federal programs and projects that were developed for whatever good and noble reasons.

This approach to solving problems of employment and training demonstrates a lack of confidence in the administrative structures at the State and local level. This sends a signal to us that we lack the ability to provide competent and responsible program designs and operations when given a mandate to serve the public. The natural approach of addressing the Nation's job training needs has been piecemealed. Our efforts in most cases have done exactly what they were designed to do, only to be criticized because those successes were not able to fully respond to the greater problem. The vision addressed by those programs was too limited, or the program was not able to respond to rapid change and the program got the blame. Process control must be given to the States and local levels.

The idea of micromanagement through Federal legislation has greatly restricted our ability to design and operate seamless responsive programs. Limitations on administrative costs are a good example of this. This conflicts with established systems that are already generally accepted by government and business for determining fair and equitable overhead cost of operation. The process of overhead cost determination can tell you what it really costs to operate instead of setting artificial limits that are not based upon operational needs or reality.

That's just an example. When those kinds of limitations face us, we have problems. We should build upon the administrative strengths of the State and local structures. And if weaknesses exist they should be addressed through a set of administrative guidelines that will strengthen the agency's ability to administer any program.

Two of the best examples in my career experience have been the Single Audit Act, which clearly recognizes the administrative entity, running all programs. We had, not too many years ago, the absurdity of audits being done on a program basis and some poor agencies at the local level were entertaining as many as 12 or 15 separate sets of auditors in a year, because they were attracting separate program lines. With a Single Audit Act, what is now determined by an independent objective review is the fiscal health of that agency or government or whatever the structure is, and can it handle not just a program but any program or resource that we channel through that agency. This is the concept that I'm talking about.

The Community Services block grant is another example. It is explicit in that legislation and was passed by Congress many years ago that the Federal Department of HHS could not interpret the principal section of the law, which left it to the States and local levels to create programs that address the mandate that was clearly outlined in that law. That mandate is to move families out of poverty.

It gave us the flexibility that we did not have to deal with detail of what dollar was spent in what category for what specific need, but that we could design programs that truly addressed the needs that we ran into when we sat down with families to find out what they needed to move themselves into independence and out of poverty.

Separate State boards are most often the result of Federal requirements. We must establish them, as we are required to get Federal money to, at least some degree, address the problems that we face. And once again, in some of the proposed legislation and some of the recently passed legislation, we are looking at another series of separate boards being created. We're running out of people in some States to fill these slots.

The natural reaction of an administrative agency is too often to protect, for us to protect, our turf. This is an attitude that's been created because we're having to compete for resources and respond to those Federal mandates that are programmatic in nature.

Attitudes such as, "My program is right and has the answers," with responses always we hear is, "We lack the resources to do the job, always underfunded," or "That's not our job," or "Our program doesn't do that," are examples of why the problems aren't solved. The problem is never truly addressed with those programs.

Given the mandate and the resources, we can reform the employment and training systems within our States. Give us the funding streams to address the problems and let us design how to do it. We would establish true outcome based programs addressing problems that have been defined locally. What works in a rural area may not work in an urban area, and if problems are different, the outcomes could be expected to be different. But that doesn't mean that the

problem won't be solved, it will still be addressed by that mechanism. Judge us what we've done—by the outcomes we achieve, not by the processes that we used to achieve that end.

Congressional and administrative mandates too often address in programmatic terms what are too specific and ignore the strengths of the structure of the State and local levels and our abilities to respond to the broader needs of our people. We must work together to bring down the barriers among all program efforts.

Associated systems as partners should use a collaborative employment and training system, stop building their own separate employment and training tracks, but develop collaboration. And that collaboration at the local level needs to be encouraged by all Federal agencies, not just the Department of Labor.

And, yes, use the human resources investment councils or the job training coordinating councils and the private industry councils as a basis for the structure, not because they're tied to some piece of legislation called JTPA, but as a structure and a vehicle to coordinate the process and build upon that and make it stronger.

We have been operating in North Carolina under a concept of no wrong door, not one stop or one right place to go. We're trying to build a system that—very similar to the type of information system that you just saw that will mean that any point of entry for any individual will lead to a resolution of their needs in terms of job training.

We're building a system where each agency does what it does best and connects with all other agencies in terms of the individual's needs, because we know that no single program has the solution. Thank you very much.

[The prepared statement of Mr. New follows:]

TESTIMONY BEFORE THE GOVERNMENTAL OPERATIONS COMMITTEE
U. S. HOUSE OF REPRESENTATIVES
WASHINGTON, DC
MARCH 3, 1994

Joel C. New, Director
Division of Employment and Training
North Carolina Department of Commerce

My name is Joel New. I am director of the Division of Employment and Training in the North Carolina Department of Commerce which administers the Job Training Partnership Act program in North Carolina. I am also Chair of the National Association of State Job Training Partnership Act Liaisions.

I appreciate the opportunity to respond to issues on the need to coordinate job training programs into a workable system at the state and local level.

In North Carolina, Governor Hunt has established the Governor's Commission on Workforce Preparedness, which is our **State Human Resource Investment Council**, as a mechanism of addressing multiple programs. While remaining hopeful, we could not wait for the federal government to begin to consolidate job training programs into a more workable system. Our response has been to establish this Commission as a mechanism for coordinating policy development and planning that involves all of the workforce development programs funded from the federal level or created by the State of North Carolina.

In response to the two recent GAO reports on the multiplicity of employment and training programs, from my perspective as director of the Job Training Partnership Act program, I believe the problem lies in the proscriptive nature of the federal programs and projects that were developed for whatever good and noble reasons. This approach to solving the problems of employment and training demonstrates a lack of confidence in the

administrative structures at the state and local levels. This sends a signal that we lack the ability to provide a competent and responsible program design and operation when given a mandate.

No single program has ever solved the problem of addressing the nation's job training needs. The national approach has been piece-meal. Our efforts in most cases have done exactly what they were designed to do. Only to be criticized and condemned into oblivion because those successes were not able to truly respond to the greater problem. The vision addressed by those programs was too limited, or the program could not respond to rapid change and the program was blamed.

Process control must be given to the state and local level.

We should build upon administrative strengths of the state and local structures. If weaknesses exist, they should be addressed through a set of administrative standards that will strengthen the agencies' ability to administer any program. Two of the best examples of this have been the Single Audit Act and the Community Service Block Grant legislation. The idea of micro-management through federal legislation has greatly restricted our ability to design and operate seamless, responsive programs. Limitations on administrative costs is a good example of this. This conflicts with established systems that are generally accepted by government or business for determining fair overhead costs. The process of overhead cost determination can tell you what it really costs to operate instead of setting an artificial limit that is not based upon operational needs or reality.

Our reaction as an administrative agency is too often to protect our turf. This attitude is created by having to compete for resources and respond to federal mandates that are programmatic in nature.

Attitudes such as: "my program is right, and my program has the answers," with responses such as: "we lack the resources to do the job," and, "that's not our job," or, "our program does not address that," are examples why the problem is not solved. The problem was never truly addressed.

Given the mandate and the resources, we can reform the employment and training system. Give us the funding streams to address the problems and let us design how to do it.

We should establish true outcome-based programs addressing problems that have been defined locally. What works in a rural area may not work in an urban area. If problems are different, the outcome will be different, and the problems will still be addressed.

We should be judged by what we have done, not by the processes that we used to accomplish that end.

Congressional and administrative mandates too often address in programmatic terms that are too specific and ignore the strengths of the structure for the state and local levels and our abilities to respond to the broader needs of our people. We must work together to bring down the barriers among all program efforts.

Separate state boards are most often a result of federal requirements. We states establish them as required to get the money to at least in some degree address the problem.

Associated systems as partners should use a collaborative employment and training system and stop building their own separate employment and training tracks. Collaboration at the local level needs to be encouraged by all federal agencies, not just within the Department of Labor.

And yes.....use the Human Resource Investment Councils and the Private Industry Councils as the basis for the structure and vehicle to coordinate the process.

Mr. PETERSON. Thank you. I think we'll hear from Mr. Callahan, then we'll maybe have some questions. Mr. Callahan, we appreciate you being here.

STATEMENT OF JAMES CALLAHAN, EXECUTIVE DIRECTOR, GOVERNOR'S WORK FORCE INVESTMENT BOARD, MARYLAND

Mr. CALLAHAN. Thank you, Mr. Chairman. One of the advantages or maybe disadvantages of going last is that I can concur with what everyone said in my testimony. But if you will permit me, I will make a few remarks.

Let me tell you what I represent. I'm the executive director from the Governor's Work Force Investment Board in Maryland. And let me just give you 10 seconds of what that means. We were created because the Federal Government said, "Governor, State of Maryland, you have to have some kind of board, some kind of Job Training Coordinating Council in order to be entitled to the $40 million that Maryland gets for the Job Training Partnership Act funds."

So it was an important reason, but in 1986—our present Governor came in. He is a fairly direct man and he called a couple of us in and said, "Why do we have this group?" And I gave him that answer and it wasn't quite good enough for him.

He said, "I just don't want to have a group because the federal government tells us we have to have a group. Either they are going to do something or we're basically going to do away with all your jobs and I'll have my cabinet come in and they'll be the Board and we'll do what ever we need to do, but we're not going to have staff and we're not going to spend money on this group unless it really has something to do besides just rubber stamp agency policy or rubber stamp federal policy."

So he actually brought in a corps of business people and his cabinet secretaries, some of his organized labor supporters, and community leaders and some legislative people from our State legislature, and he said, "Go to it. Whatever you want to look at. Don't worry about the fact that the law only says you look at JTPA, you get involved with what you want to get involved with, you tell me what we need to do to make this system better."

I'd like to give you some examples of what that kind of mandate has produced in Maryland; 3 or 4 years ago we decided that school dropouts were a significant problem in Maryland, unfortunately, they still are. But we decided we needed to do something about it and we looked at the Federal programs and there really wasn't any specific Federal program for that at that time.

And we decided that we could pull little pieces of programs from JTPA and the Carl Perkins bill and maybe some chapter I money, but it wasn't enough, and so we designed a program that we thought over time could really address and lower the dropout rates in Maryland. We call it Maryland's Tomorrow.

And we, obviously, coupled together all these Federal programs and then we went ahead and got State money to bridge the gaps where the Federal programs wouldn't allow us to spend money on the services that we needed. And, quite frankly, a very successful program in Maryland.

It's a $10 million State program, which doesn't sound like much down here, but in our State $10 million is a chunk of change. And

it is gathered together with about $2, $3, or $4 million, depending on how you count dollars and match of Federal dollars. And that program works collaboratively through these private industry councils.

That was one of the core program designs, is to have this not go through the traditional school system because, quite frankly, at that time our perspective of dollars spent in school systems was not that positive. We felt as though we needed a change agent. And so we used this system that the Federal Government had required local areas to set up called PICs, private industry councils, to manage this drop out prevention system in partnership with the schools.

Another example, when you all passed the Family Support Act and you superimposed a large jobs program, a welfare, employment, and training program, most States ran out and created a brand new welfare, employment, and training system. They basically—you almost required that to happen by saying, "States, you have to have your 4–A agency," that's the one that cuts the checks for the AFDC program, "you have to have them manage this program."

Well, we didn't give up. We didn't really think that was the right way of going at about setting up this program which the services should be, and the results should be the same thing, as we had for JTPA for Jobs Service, and for Perkins, it should be jobs and economic self-sufficiency.

So we didn't see where there was that much difference in what we wanted as results, so we fought and we fought and we argued with HHS and, finally, we were able to construct a very interesting chain of flow of funds, but we succeeded in actually building the same kind of linkage.

In our State, and I think now in a couple of other States, the actual job funds hits our 4–A agency, our welfare agency, and then goes directly to the agency that gives it out to the PICs. And the PICs are required to bring the local welfare folks in and to set up a collaborative team and to plan and administer jointly a welfare employment and training program not separate and apart from all the other training programs that are going on in that area.

We're doing much the same thing in a lot of different program areas. The Department of Education and the Department of Labor are putting together a school-to-work transition effort. We're trying the same kind of concept there. That is the concept that we really have in Maryland, "Let's try and make an integrated system." That's the positive side.

Now if you'd like I can share a couple of the horror stories with you of things that we haven't been able to deal with, and mostly these are things that come right back to Congress. The way Congress constructs the laws that mandate how these programs are to be run. To give an example, in the dislocated worker programs, I'm sure you've heard many horror stories. I'll share a couple with you.

Two years ago we were constructing a program for a Baltimore steel company that decided it needed to close down almost completely, I think they were going to maintain a skeleton crew. And they had two lines in that steel company, one produced ornamental steel and one produced rods. And we applied for trade readjust-

ment and come to find out, sure enough, the company was eligible for the TRA. But only one of the lines was eligible for TRA.

So to give you an example of what that meant, we had to go in and, either over the objections of the union, the State, and the company, we had to go in and tell a group of employees in that company who have worked there side by side, most of them for 20 years, who live in the same neighborhoods, many on the same streets, we had to tell them that some of them were eligible for 78 weeks of training and unemployment compensations and the others were only eligible for 26 weeks and, maybe, we could find money out of our regular title III funds to provide some level of other support for them.

Even more bizarre, we had a manufacturing plant in Howard County that closed, and because they had seniority bumping rights, it was a nonunion plant but they had seniority bumping rights, what happens is that the people that bump down and the people that they were to bump out were not trade approved because they were in a different line so we had the situation—the same situation again.

And even though these people had lost their jobs and there was really no hope of getting a job back at that level, they were not eligible for the same kinds of services. And that's simply because the different funding streams mandated that different services be provided even though the goal was the same. I could go on and on and on.

These are countless, countless examples of what States and local areas are forced to really contend with. And I disagree with some of the speakers that have sat here today and told you today that these programs aren't successful.

Sure, there are bad programs out there and I think you read about them in the New York Times and the Washington Post, but the majority of these programs are doing what you set them up to do and they're spending their dollars within the constraints that you set for them as well as they can.

We have statistics, we have data, we have plenty of that to show that the majority of these programs are successful. The problem is they're too focused. They're too focused. Right now a person's problems that we deal with doesn't just need one service. They need multiservices.

So a program comes in and they say, "Well, I can only do X, Y, and Z, and you need a wide range of services," so therefore either you have to network, which is very costly and inconvenient or you basically only address a portion of that person and that family's problem. And that's really the crux of the situation, is that we don't have the flexibility, that the system is too confined.

And it's not really—I'm not sure it's one of resources. We have $100 million, you were talking about resources at the Federal level, this doesn't include Pell grants, this doesn't include student loans. We have $100 million. All of our programs would say they're underfunded, but we as a board are not sure of that.

Now I've been talking about the negative part. I'd like to actually give you some real simple recommendations on what needs to be done or what we'd like to see be done.

First, we're really split, the private sector members of our board believe, "Tear it down, completely dismantle it, put it back together again." That's one approach. The government members and my elected bosses think that that could be the biggest mistake we would ever make, because there really is a fear out in the States and local areas that if you ever really do get a handle on how much money is going into this, that you're going to cut the hell out of it. And we don't want to see that, because we do not think in this time that we have to build a world class work force, that we have enough resources to do the job.

So obviously, once it's all consolidated it's going to look like a lot of money, the $25 billion that was banded about here today, looks like and sounds like a lot of money. I would contend to you that it probably isn't enough money. But we're not willing formally to say it isn't. We think a lot more can be done. We know that simply through consolidation of administration 10 to 15 percent more can be done.

So what we would advise you to do before you dismantle the system, before you cut the funding for the system, is we would do several core kinds of things. The first thing we would do is, why don't you create a Federal human resource investment board like you've allowed States to do. You did that in the JTPA amendments 2 years ago, some States are exercising that. It's a lot of turf at State levels as to what—why they do it and don't do it, but some States are actually doing it and it seems to be working well.

Why don't you do that at the Federal level and also give them the authority. Give them the authority to cut through regulations, to waiver regulations, even perhaps, to waiver provisions of the law if they are blocking outcomes success.

So that would be step 1, and I would not just have it—I know that we are dealing with the Department of Labor a lot. They ask to talk to us because we're so close to them, also, Maryland works with welfare reform and a lot of things like that. We know that the Department of Labor is encouraging the President to consider such a board through Executive order.

Obviously, we think that's a good idea. We think it's a little bit too narrow, but we know the Department of Labor is talking to HHS about how they are going to really look at welfare reform, the employment and training portion of welfare reform.

So we really feel that Department of Labor for sure is very, very concerned about pulling down the barriers and integrating these programs. We know firsthand that they are. We just think that Congress needs to take the initiative on this one, because only Congress can really authorize a board to really waiver different kinds of provisions in law or regulations.

And I would have that board be private sector, Members of Congress, and the agencies at the Federal level that are really running these programs. So you had the leaders, the proper leadership mix there that could really cut through this kind of morass that we've stuck ourselves in and make decisions.

But I'd do more than that, more than a board is just needed. What I'd also do is I'd have all these programs have to have some commonality. Why can't these programs have a core information

system? With technology the way it is today, there's no reason why there can't be a uniform set of terms and definitions.

I think the papers that you've been getting from the NGA and from the State chair's associations probably amplify this better than I'm going to do, but the bottom line is there's just no reason why a family isn't a family in DOL, in Education, and HHS.

Those are—there's no reason why it doesn't mean the same thing. If you knew the amount of time that we spend training people in the different definitions when we have cross programs, if you knew the amount of time that we try to spend correcting the errors, because we had three and four definitions of family and we're actually coursing these people through the program, staff will make the errors, you'd be amazed and appalled just because how a simple thing like that can cause problems.

The second thing, run this system by results. Don't give us process rules and regulations that require us to figure out how to meet your process goals and not focus on the important thing, is what are they accomplishing? What are we doing? What are we really accomplishing with people with these programs?

Right now you look at the Jobs Program. JTPA back in 1983 when it was passed really had the philosophy, look at the end result, let States and local areas have some flexibility, but look at the end result, have very specific performance standards and then if States and local areas don't make them, come down and sanction them. Reward them if they make them, sanction them if they don't, financially.

Look at the Jobs Program in 1986 when it was passed. They mention performance standards but the biggest thing is process, get that person in there 20 hours a week, record what they're in in 10 different ways, and look at process, process, process and numbers of participations and things like that. Don't do that.

What works here in Washington, what works in Maryland isn't going to work necessarily in North Carolina, isn't necessarily going to work in Delaware. States and, more importantly, local areas can make things work but they're going to look different. When you superimpose on us very specific process guidelines, you're basically costing the taxpayer more money.

Look at results. By all means tell us who you want us to serve. By all means tell us what you think it should cost and give us very strict guidelines on what you expect as results, not the high-flying sounding goals that are usually in legislation. Give us numerical or percentage goals of what the outcome should be, and then when we don't make it, don't give us the money the next year.

Do things like that. I mean, that's what we think, our business people have been recommending that, and we have been trying to do it for years.

The last thing is standardize the fiscal and administrative procedures. It's a shambles when you look at it. I have a little chart in my program, in my actual testimony, a little chart that shows that you're running the same identical program for people that are in the dislocated worker EDWAA program, for people that are in jobs, the welfare work program, and people that are in JTPA. The same identical program, the same identical services.

That program has about 20 different kinds of classifications of cost and then it gets more bizarre. That program, depending on how you allocate the different staff, you can change how the cost would be. You have to be pretty much a fiscal genius—by the way, I brought my fiscal genius here today, in case you have any technical questions—you have to almost be a fiscal genius to be able to figure out how to group these funding sources.

Most local areas are going to say, "It's not worth it. It's not worth it," and that's wrong, because when you finally do get an integrated program, it is better. It's more cost effective and it's better. It also doesn't stigmatize any particular group in the integrated program.

That's my spiel for today, my soap box. I'm coming off it. I got all revved up hearing all the things that you were hearing today and I said, "I'm going to get up there and I'm going to say what for," because usually when I come before a committee, they can line out my job, but I don't think you can probably do that yet. Thank you very much.

[The prepared statement of Mr. Callahan follows:]

Testimony
To the Subcommittee on Employment, Housing and Aviation of the Committee on Government Operations

Provided by Jim Callahan, Executive Director
The Governor's Work Force Investment Board of Maryland
March 3, 1994

BACKGROUND ON THE MARYLAND WORK FORCE INVESTMENT BOARD (GWIB)

The Board was originally created in 1983 as the Governor's Employment and Training Council and acted as Maryland's Job Training Coordinating Council under the Job Training Partnership Acts (JTPA). Over the years, the Council evolved into the State's primary group focusing on all human resource development policy issues. To reflect this change, the Council was renamed the Work Force Investment Board in 1992 with the responsibility of overseeing the State's growing human resource development system. In 1993, an act was passed by the State that implemented a federal option of making the Board the sole human resource investment council for all federal programs that provide work force development resources to the State.

The 1993 Act merged the State Council on Vocational-Technical Education and the State Advisory Committee for Adult and Community Services with the Governor's Work Force Investment Board. *The purpose of the change was to provide a more coherent, coordinated, and efficient mechanism for the development of integrated education and training policies and guidelines*.

THE MEMBERSHIP

The Board consists of up to forty members appointed by the Governor. Members are leaders from the business community, key members of the Governor's cabinet, the legislature, education, organized labor and community based organizations.

THE ROLE

The role of the Board is to provide the State with a mechanism to develop plans and policies aimed at maximizing the potential of the existing and future work force. This role includes acting as facilitator, initiator and advocate for:

- Interagency coordination;
- Initiatives that cross the boundaries of agencies and levels of government; and
- Consideration of resource utilization to obtain maximum effectiveness.

THE GOALS

The Board has the following operational goals:

- To assist the State in maximizing the potential of its work force to increase economic self-sufficiency and to help Maryland employers obtain and retain a world class work force;
- To assist the State in creating a seamless delivery system encompassing employability development, education and social services systems; and
- To assist the State in maximizing effectiveness and assuring accountability for results.

THE ORGANIZATION

The Board has an independent staff and five committees:

- The Executive Committee
- The Youth Education Committee
- The Existing Worker Committee
- The Adult Education Committee
- The Adult Policy Committee

SUMMARY OF THE BOARD'S EFFORTS TO BUILD A COMPREHENSIVE EMPLOYMENT AND TRAINING SYSTEM IN MARYLAND

The GWIB has worked to help the State create a coordinated and integrated human resource investment system. One of the core principles that the Board holds is that an integrated system is needed to provide the most cost efficient and effective service to both employers and job seekers.

The employment and training system that has been created by the federal government is little more than a collection of programs developed by various congressional committees in response to particular needs of specific groups of people. They are programs that provide a wide array of similar, often identical services, to increasingly overlapping groups of people. They are programs that for the most part go about their jobs in a totally independent fashion, resulting in a fragmented response to the interrelated needs of the people who need human resource development services. The core of federal programs that fall into this category are:

- The Job Training Partnership Act
- The Carl Perkins Vocational and Applied Technology Education Act
- The Adult Education Act
- The Family Support Act (JOBS Title)
- The Economic Dislocation and Worker Adjustment Assistance Act
- The Trade Adjustment Assistance Act
- North American Free Trade Act
- The Wagner-Peyse Act
- The Vocational Rehabilitation Act
- The Food Stamps, Employment and Training Programs
- The Refugee Assistance Act
- Stewart McKinney Homeless Assistance Act
- Title V of the Older Americans Act
- The Clean Air Act
- The National Defense Authorization Act

Individually, these program typically are not funded at the levels needed to adequately respond to the goals that Congress set for them. But collectively, in Maryland, this core set of programs spends nearly $100 million a year. Because each of them is

governed by different laws and regulations, they each have different administrative requirements which dictate that they be operated separately. The Board estimates that this duplicative administrative structure eats up at least 5% of additional funds and maybe as much as 10%. Based on current cost averages, in Maryland alone this duplication translates to perhaps as many as two thousand people each year that need help, should be getting help, but do not get services because the money is spent on required and redundant administrative functions. While the Board has not considered the potential for cost efficiencies at the direct service level if these programs were combined into some rational system, it is logical to assume that the potential for cost savings is even greater at the direct service level.

In Maryland the Governor, his staff and the Board endeavors to superimpose a rational framework for all of these efforts. While we are not able to cut down on the required administrative duplication, we have had limited success at the direct service level. One example is that with the passage of the Family Support Act, most States interpreted Congressional intent to establish a new welfare employment and training system. In Maryland we resisted that interpretation and after many "discussions" with the federal Health and Human Services officials we convinced them to allow us to use the existing JTPA Private Industry Council (PICs) employment and training system to implement the JOBS program.

Another example of how we are working to bring the efforts together can be seen in the new school-to-work transition initiative that the Departments of Labor and Education are now fostering. In Maryland, we have established local planning teams for this effort using the PICs as the facilitators for the effort. We will be providing PICs with a part of the federal funds that we obtain for planning this effort and making them responsible for bringing all the partners to the table to address this critical issue.

State efforts to bring these programs together as a system and make the services be one, integrated, rational employment and training system are needed and do produce results. But state efforts alone can only achieve limited results as long as the programs are ordained at the federal level to be independent and separate.

EXAMPLES OF AN IRRATIONAL SYSTEM

The Board is always finding examples of how the current set of programs often cause irrational situations to develop. Some examples are:

- ***Different Benefits For Co-Workers***

Several years ago a local Baltimore company notified the State that it would be closing down two of its operations. Both operations were at the same plant and both were being closed because they were no longer profitable. But two different products were produced. Over the objections of the State, the company and the union, one of the product lines was deemed to be impacted by foreign trade and the other was not. What this meant for the workers was that some were entitled to Trade Act benefits while the others were not. In effect, this meant that the workers deemed to be impacted by trade

had the ability to obtain retraining services and unemployment compensation for up to a year beyond the normal conclusion of unemployment benefits. Try explaining to workers from the same plant, many who live next to each other, all who belong to the same union that some are eligible for 78 weeks of compensation and training while the others can only count on 26 weeks of compensation and will only get training if the State and local area have sufficient funds in the regular dislocated worker program to pay for it.

- ***The Ripple Effect***

As indicated in the first example, the hodge podge of dislocated worker programs results in inequitable services and undue administrative cost. Another example of this happened in Maryland at a major manufacturing plant in Howard County. Several years ago the plant announced is was discontinuing manufacturing ovens because of foreign competition. They would be reducing the workforce by 800 workers. Many of the workers who were in the line that produced the ovens were able to use company seniority rights to bump workers at the same plant who worked on other lines.

The oven line workers were certified for Trade Act. This meant that they were eligible for 78 weeks of Unemployment Benefits while in training and they were eligible for more expensive training since it could be funded out of Trade which has no cost guidelines on training cost. The workers from other lines that were bumped out their jobs by the more senior oven line workers were only eligible for 26 weeks of Unemployment Benefits. Their training options were more limited because the only funds available to them for training were limited JTPA Title III dollars which had been allocated to the State and which the State needed to place cost guidelines upon in order to ensure the funds would help as many people as possible.

But not only are were the workers treated differently, the fact that two funding streams were used for the program required two administrative and reporting structures be maintained. Separate programmatic and fiscal systems had to established and maintained for the two programs, resulting in substantial additional administrative cost.

- ***When Is a Dollar Not a Dollar?***

Another example of the irrational situations we create deals with the morass of regulations dealing with how we count money that people obtain while in a training program. The various job training programs typically provide money to people in training but each treats income support differently. The federal JOBS program will allow income support only if it is for "training related expenses" i.e. transportation, tools. The federal JTPA allows supportive services to cover any "reasonable expense required for participation in the training program". For example, we have had a situation where an unemployed person's utilities have been turned off because of an overdue bill and this was preventing them from participating in training. Because the person was actively working with their JTPA counselor, they got a support payment to

cover the bill. JTPA does not consider this income so it has no impact on a person's JTPA eligibility. But this person was also obtaining AFDC benefits. Since the utility payment was not a training related expense, for AFDC the payment was considered income and it caused the person to have enough income to be declared ineligible for AFDC (and other related needs based payments). While this situation was ultimately resolved without harm to the person or their family it took special intervention to accomplish this. Simply by taking this support from JTPA the person risked losing their family's AFDC eligibility and income support.

Another example of JTPA and AFDC incompatibility has arisen when the JTPA programs help people get jobs by assisting them with transportation. We have had situations where the person's vehicle is not running. In many rural areas of Maryland, if your vehicle does not work, you do not work. If the vehicle was repaired they could obtain employment services or take training and ultimately become employed. If the JTPA program pays for the vehicle repair and the value of the repaired vehicle is judged by the AFDC folks to over $1500, the person would lose their AFDC eligibility and needed income support. This is certainly a disincentive to get help.

The last example of how we treat money differently in the different programs is an example of "disregarded income". People that are fortunate enough to obtain public housing are able to have earnings from wages from a training program (like work experience) "disregarded" (not counted) if the program is funded directly by HUD or by a JTPA program sponsor. That same person, if they are in an identical or similar work experience program but it is funded from JOBS will not be able to have these earnings disregarded. The net result is that the person in the JOBS funded activity would be socked with a substantial rent increase by HUD for participating in the JOBS program. This can (and has) result in people living side-by-side in public housing and engaged in the same type of training activity being treated very differently.

- ***The Boondoggle of Integration***

The different job training laws and regulations require that costs from the same training program, providing identical services to people, be classified and accounted for differently. This adds to the time and cost of tracking these efforts and creates an administrative nightmare that is a real barrier to program integration. The following example epitomizes this. In Maryland we encourage our PICs to operate co-funded programs. By jointly funding specific programs, we make them available to a wider range of people and we spread the program cost while ensuring that people are not being sent to a training slot just because one has been purchased and will go unfilled if a body is not forced into it.

We have had an example of a remedial education program which also provides career counseling, financial counseling, and payments to the participants for transportation. People from three different funding sources were enrolled in this program. The

funding sources were JTPA Title IIA, JTPA Title III, and JOBS. The following table shows how the cost must be tracked and reported for each of the funding sources.

Activity	JTPA Title IIA Cost Category	JTPA Title III Cost Category	JOBS Cost Category
Intake and Eligibility Determination	Training Related	Basic Re-adjustment	60/40 Enhanced Match Training
Assessment and Other Case Management	Direct Training	Basic Readjustment	60/40 Enhanced Match Training
Financial Counseling	Training Related	Basic Readjustment	60/40 Enhanced Match Training
Career Counseling	Direct Training	Basic Readjustment	60/40 Enhanced Match Training
Transportation Payment	Training Related	Basic Readjustment	50/50 Match Support
Program Admin.	Admin. Cost	Admin. Cost	50/50 Match
Remedial Education	Direct Training	Retraining	60/40 Enhanced Match Training

Keep in mind, this is the same training program but the three different federal fund sources have very different ways of cataloging the cost for the same activities. Even within one program -- JTPA -- the cost categories differ because the title is different! The situation is made more complicated by additional requirements that the laws or regulations impose. JOBS requires that all expenditures also be classified by component cost. So all cost must be tracked at least two ways in JOBS. Within JTPA there are different allowable administrative expenditure percentages making it harder to cost pool. Also, closely related activities have to be classed differently depending upon what stage of the program they are delivered. If you are intaking a client in JTPA, counseling is a "Training Related" cost, once you begin assessing them counseling is a "Direct Training" cost. Making this distinction and tracking it is extremely burdensome. In the program represented by the table above the JOBS administrative cost would be reimbursed at a 50-50 rate. But if the person is a full time JOBS administrator, his/her personnel cost are reimbursed at the enhanced rate (60/40) but their non-personnel cost are reimbursed at the 50-50 rate. If the JOBS administrative cost are part of a training component, then the total cost could be

reimbursed at the enhanced rate. Try to keep that straight!! We have created a system where if we try to integrate and combine services more and more resources are expended on accounting and documentation and less are spent on services to people.

PROGRAM RECOMMENDATIONS

While there is strong sentiment from the business community for a total rebuilding of the system from the ground up, for a number of reasons, this may not be either possible or feasible. Reality dictates that every effort be made to work with the existing collection of programs to form them into a rational, cost-effective, accountable human resource investment system. To accomplish this, the legal and institutional barriers that have provided reasons for keeping these programs apart must be brought down. To that end, the Board strongly recommends that Congress and the federal government take the following action regarding these programs:

1. Develop and require all programs to use a core information system with uniform terms and definitions. This core system should at a minimum capture basic demographic information, record services provided, and report outcomes obtained. The system should be set up so that all programs share information and can eliminate duplicative data collection. In Attachment A a list of terms has been provided that represents common terms that could be standardized.

2. Develop a complementary set of results-oriented performance standards that lead to long term self-sufficiency for all the programs in the system and then use these outcome measures to manage the programs.

3. Standardize the fiscal and administrative procedures and cost categories that currently apply to the programs. By doing this, a level playing field can be created that will facilitate program integration. Attachment B provides some specific examples of fiscal procedures that present barriers to integrated operations.

4. Require each state to construct a single, integrated human resource investment plan that establishes goals, objectives, and outcome expectations for each of the programs involved.

SYSTEM RECOMMENDATIONS

The Board also advocates a change to the core federal system. If we are to maintain different laws that specify different target groups (and we suspect that this will not change) then there is a real need for establishing groups at the federal, state, and local levels to take a leadership role in bringing the programs together as a system. To this end, the following recommendations are strongly endorsed:

- Establish a Federal Human Resource Investment Board. This board should have a majority of members from the private sector, and should include the majority and minority leadership of the House and Senate along with representatives from the applicable federal agencies that administer workforce investment programs. The board should be vested with the authority to:

- grant waivers to provisions of existing law and regulations to facilitate program integration and experimentation;
- coordinate outcome measures established by the various federal agencies;
- monitor and correct is necessary federal administrative actions that are barriers to integrated program activities; and
- work with the National Commission to provide a streamlined, consolidated, and coordinated policy approach for all work force investment programs.

- Provide financial incentives to states to establish State Human Resource Investment Councils to replace all existing councils and boards required under these federal statutes.
- Encourage local jurisdictions to establish Human Resource Investment Boards to oversee all programs at the local level and be vested with the authority to approve or disapprove local plans for federal funds.

The GWIB believes that change to our existing system is critically needed if we are to create a world class workforce. The changes outlined will provide an opportunity for states and local jurisdictions to move aggressively to pull the existing programs together into one system that can address the needs we face, be accountable, and make the greatest use of the available resources.

ATTACHMENT A

SELECTED TERMS TO BE CONSIDERED FOR STANDARDIZATION

It is understood that the standardization of all the terms listed below may not be feasible initially. Immediate work on common definitions should focus on those terms that affect eligibility determination.

Adult
Allowable support services
Applicant
Assessment
At risk
At-risk youth
Barrier to employment
Basic employability skills
Basic academic skills
Case closure
Case management
Characteristics
Citizenship
Clients
Competencies
Completer
Confidentiality
Coordination
Core demographic
Counseling
Dependent
Disallowed income
Dislocated worker
Displaced homemaker
Economically disadvantaged
Educational placement
Educationally disadvantaged
Emancipated youth
Employability development plan
Employable
Employed
Enrollment
Entered employment
Exemplary programs
Family
Family income
Follow-up
Foster child
Gross wages
Handicapped
Holding status/period of known activity
Homeless
Income disregard
Individual

Job ready
Job retention
Job development
Job placement
Limited English proficiency
Limited work experience
Literacy
Long-term unemployed
Long-term welfare recipient
Migrant farmworker
Migrant food processing worker
Needs-based payments
Not in labor force
Obligated funds
Obtained employment
Offender
Older worker
On-the-job training
Ownership of resources
Participant
Performance measurement/standard
Personal management skills
Personal income
Placed in unsubsidized employment
Potential dropout
Public assistance
Race/ethnic group
Recently separated veteran
Recidivism
Resources/assets
Resources on order
Retention
School dropout
Seasonal farmworker
Student
Subsidized job
Substance abuse
Suitable employment
Teenage parent
Termination
Underemployed
Unemployed individual
Unsubsidized job
Veteran
Vietnam-era veteran
Work experience
Youth
Youth AFDC recipient

ATTACHMENT B

FISCAL BARRIERS

Cost Categories

Cost categories vary dramatically from program to program, making it difficult to manage programs funds by multiple sources. For example, JOBS requires each dollar spent to be identified with ten or eleven program activities and two different matching rates. JTPA has three specific cost categories: administration, direct training services, and training-related and supportive services. Support and administration are defined differently in JTPA and JOBS. EDWAA has some similar, but some different, cost categories: administration, support services and needs-related payments, retraining, basic adjustment, and rapid response. The Adult Education Act requires state and local matching. AEA state administrative expenses include all management and supervisory expenditures and expenditures for state advisory councils. At the local level, 95 percent of the grant must be spent on adult education instructional activities. The remaining funds may be used for local administrative costs, including planning, administration, evaluation, personnel development, and coordination. Other AEA cost categories at the state level include programs in public housing, special projects, and teacher instruction. Instructional programs include local expenditures for client training. The vocational education legislation has categories for state administration, state leadership, sex equity, offenders, and single parents and displaced homemakers.

Cost Limitations

Cost limitations now are defined differently across programs. For example, JTPA Title IIA and IIC allow up to 20 percent to be spent on administration, and no less than 50 percent on direct training. Alternatively, JOBS does not have cost limitations, except as they impact on matching rates; JOBS does have minimum cost levels for target groups. EDWAA has three cost limitations. First, 50 percent of annual SSA expenditures must be on retraining services. Second, end-of-year administrative expenditures are not to exceed 15 percent of total program year expenditures. Finally, there is a cap of 25 percent for support services and needs-related payments at the state and substate level. As of July 1, 1991, there was a 5 percent cap on state administrative expenses under the Adult Education Act. Local administrative costs are equal to 5 percent, but this amount is subject to negotiations with the state education department. Funds for the AEA's state-level special demonstration projects and teacher training programs currently are pegged at not less than 15 percent of the state grant; of this, two-thirds must be spent on training. AEA also contains a 10 percent setaside for institutionalized adults and allows the state to determine the setaside for public housing authority programs. The Perkins legislation allows 5 percent or $250,000 for state administration, whichever is higher; of this amount $60,000 must be spent for sex equity administration. The federal funds also must be matched dollar for dollar with state funds. Both the AEA and Perkins legislation also require "maintenance of effort" at the state and local levels. States and local agencies must match or exceed their expenditures in the previous year.

Funds Obligated and Carryover Provisions

Currently, programs have different carryover provisions. For example, JOBS does not allow any funds to be carried over to the next fiscal year, but does allow for obligated funds to be liquidated during the twelve months following the end of the fiscal year. The JTPA program year is different than the JOBS fiscal year. JTPA gives two additional years to obligate allowable carryovers of up to 15 percent of funds allocated in a specific fiscal year. EDWAA allows only a 20 percent carryover of the state allotment from one year to the next. Both the Adult Education Act and the Carl Perkins Vocational Education and Applied Technology Act are forward-funded because school budgets are prepared about a year in advance. Therefore, funds under AEA and Perkins can be carried over for twenty-seven months. If not expended in this time, funds revert to the federal government.

Mr. PETERSON. I'm not sure we have the power to accomplish much of anything on this committee, but we illuminate some things. Well, we appreciate all of your testimony. And I want to say, Mr. Callahan, I agree with you. But how I get my colleagues to change the way they've been doing things for 40 years I'm not exactly sure. Because they all seem to come back to that process. Most of them have never run a business or have never had to deal with this kind of stuff. That's the problem.

How we change that, I don't know, other than next year there will probably be 100 new people again so maybe eventually something will change.

There are a few of us on this side of the table that are just as frustrated about this as you are. I guess I go back to this—if you were here when I was questioning the first panel—how do we get there. I clearly don't—I mean at this point I'm not sure exactly how we get there. It is encouraging, I guess, if this is actually happening, that Labor is interested in setting up some kind of a board.

My guess would be if you tried to do that you would have resistance from Congress. They would be the ones that would screw it up, probably. They wouldn't want to give up this power, or give somebody the authority to actually do something.

Mr. CALLAHAN. Mr. Chairman, co-opt Congress, put the leadership of Congress on that board. Obviously the President wouldn't want to do that and maybe Congress wouldn't want to do that either, but I mean that's——

Mr. PETERSON. That's what's happening at the State level. You have State legislative people.

Mr. CALLAHAN. That's exactly right.

Mr. PETERSON. I think that makes a lot of sense. I don't know if it's ever been done around here—not that I'm aware of. Generally it's—when they do something like that I think it's some kind of commission that can't do anything anyway. So, they just meet and type up a report.

I'm not sure they've ever had to actually do anything, accomplish anything, actually run something, which is what this would be; right?

Mr. CALLAHAN. Exactly.

Mr. PETERSON. It's an interesting idea.

Mr. CALLAHAN. It's not really running it as much as it's the whole policy——

Mr. PETERSON. Yes, setting the policy.

Mr. CALLAHAN. A board of directors.

Mr. PETERSON. Right. But you're going to have all these different—these committees are going to object to that. We can't even get committees to meet together, to agree to have a hearing together because the staff is afraid that—one staff is afraid the other staff is going to get some kind of credit or whatever.

Mr. NEW. Mr. Chairman, let me suggest that the report that the GAO has done, and the work that they're doing, is an excellent first step.

One thing that needs to be interjected, though, as a statement, as it moves forward and the discussion begins to center around consolidation of programs, that is the need for pooling funding streams together into a single funding stream of some type. Always

be vigilant and ask the question: Did you change the nature of the prescriptive operation of the program?

An administrative solution of putting them all under one roof does not break it down. So, as those discussions come up ask the question: Have we really changed or opened up these programs so that they can flow laterally in terms of service to individuals?

That's one thing that I would suggest.

Mr. PETERSON. Mr. Callahan, in doing this, the resistance that you encountered—at the State level how did the agencies, the boards and the bureaucracy in the legislature react when you did this?

Mr. CALLAHAN. At the State level itself it was fairly harmonious because we have a boss that says, "If you do it you do it."

It was really at the local level that you found—and the other boards—you actually found that there was real resistance. In fact, the first time that we tried to formalize this through our own State legislature it went down in a very large defeat. It was the second year that we were able to accomplish and put it in statute.

The bottom line is that we were able to accomplish what little we have accomplished by bringing in all the stake holders and allowing them to have a vested role and to allow them to feel as though they are equal partners with this. At times they're really not because of the way the resources are allotted but, I mean, we give them a voice in it and a say in it and we listen to them.

So, the bottom line is it's not perfect. Anytime that you're going with entrenched bureaucracies that really see their mission very narrowly it's very difficult to change that mind set.

The bottom line is I think we are working to change that mind set. I think that a lot of times when we back out we allow the—we try and encourage the private industry counsels in our State to do the same thing that we do at the State level. That's where we have more success. Not all of our private industry counsels are great. There are a few that are very good. The ones that are good are able to bring those local leaders together, do the kind of head butting that we do at the State level and really come up with better programs. They circumvent us and circumvent the Federal regulations and come up with better programs that work better for the people.

Mr. PETERSON. How about the advocates and interest groups, how much resistance do you get from those?

Mr. CALLAHAN. The advocates and interest groups for this initiative were really silent. I don't think they understood whether it would benefit them or not benefit them. I mean, organized labor was very much a proponent for this because we work very close with organized labor. They really thought that this was a good idea because they saw it as an avenue to be able to access more policy decisions for a wider array of programs.

The other advocates, like the welfare advocates and our homeless advocates, they didn't really understand that this could have either negative or positive responses for them. So, they were silent when we were doing this. I think now they're very much on board. We actually have them come to us and ask us to help champion them like the child care advocates are trying to get us to champion their

cause to get more working poor child care money because they see it as a—it is really an economic self-sufficiency issue.

Mr. PETERSON. Right. Mr. New, you were talking about—or making arguments against both administrative and programmatic micromanagement by us, which I think I agree with.

But I'm also—I used to audit a little bit governments—if we give the States total flexibility I'm not so sure we're going to be able to tell what you're doing out there. And we could end up having 50 different deals that we don't have any better handle on than we have today on what's happening. And some States aren't going to do a very good job, probably. I think that's to some extent why you're getting this micromanagement and you're getting this kind of approach.

What do you think about that?

Mr. NEW. Mr. Chairman, I'm not proposing in any sense that we take away the limitations that are standard practices that would be expected in terms of prudent and proper administration of a governmental or nongovernmental agency.

The operation and philosophy that we've taken in North Carolina concerning JTPA specifically, and most of the other programs, is one that has been endorsed by the treasurer, the Governor, and the State auditor, all of which are independently elected in our State, is that audits would be done based upon the generally accepted standards that have been established for single audit.

And we have an excellent fiscal control system that oversees that. I'm not suggesting in any way, whether it's Federal or State, that those types of——

Mr. PETERSON. I'm not so sure that the information that we get back is understandable to the average folks to be able to tell whether you're accomplishing anything or not.

I mean the Single Audit Act accomplished at least keeping the auditors out of your office all year long. But I'm not so sure that it gives you a very good understanding of what you're accomplishing. We have no idea what the Federal agencies in Washington are accomplishing. We don't have an accounting system in any of them.

At least we've got more at your level than we have here. But we have that problem all through government. We really don't have a system to measure results.

Mr. NEW. Right.

Mr. PETERSON. We have mostly a budget-driven system, programmatic—I think that's to some extent why we get these kinds of directives out of Congress because nobody knows what else to do.

Mr. NEW. That's exactly what I'm suggesting in terms of outcome measures. We judge the performance of the service delivery areas out of our office and are building systems within our States to be able to look at other programs and judge how well they are serving people.

In terms of those outcomes, the——

Mr. PETERSON. Yes, but your auditors aren't trained for that.

Mr. NEW. No, the single audit——

Mr. PETERSON. They don't have a clue what that's about.

Mr. NEW. The single audit system in terms of fiscal and program compliance is to tell us that that agency can manage both the

money we're giving them and the programs that we're asking them——

Mr. PETERSON. I would suggest most auditors don't have the ability to tell you whether you can handle the program or not. They don't know enough about it.

Mr. NEW. I certainly can't debate that with you.

Mr. CALLAHAN. Let me give you an example of what you could do with not that much cost, probably no additional cost—we decided that—just the same thing you're saying, how do we know that these programs are really doing anything. So, what we are doing is we used—every State has an unemployment insurance data base that records people—individual people that are earning money. If the State wants to, they can tap into the other States around them.

So, to find out in our welfare program are we having any real impact with our JOBS money with these people in long term—because the goal there should be, you know, earnings and long-term job retention. We decided we would set up a system using our UI data base which is real cheap, because it's already there, and we would track people through, and a control group through the system to find out is there any difference in earnings and retention.

The disadvantage is it's always 6 months behind but the bottom line is, over time our State can tell which of our areas are having success with that program in those two measures.

So, there is a lot of things you could do. You could even legislate that you will have a cost parameter for all of these programs and that could be your goal.

Mr. PETERSON. I understand what you can do. What I'm having a hard time understanding is how to make this happen knowing the mind set of auditors, for example, and how long it took us to get them to even understand the Single Audit Act.

I'm just kind of wondering out loud about this. You're on the right track. I'm just trying to figure out how to get there. There are a lot of other problems I think.

Do you think your system is going to solve all these problems?

Mr. MINOTT. No, just a part of it.

Mr. PETERSON. You're more on the process end of things too, I think, kind of. You're going to help simplify everything. But it doesn't get at some of the basic underlying trouble with the system.

Mr. MINOTT. Not at all.

Mr. PETERSON. You're just trying to make some more sense out of the maze that's there for people.

Mr. MINOTT. Yes, for our customers and our case workers.

Mr. PETERSON. But you would agree that it doesn't get at some of the fundamental problems that have been caused by setting all this up.

Mr. CLARKIN. One of the problems as I see it—when Representative Carper became Governor of Delaware he put together a commission to study the organization of the government in Delaware and how we're serving the needs of our citizens. One of the recommendations was that the Department of Labor and our economic development office, which is the Delaware Development Office, should work closer together. And what some of us—what some people saw was merging the two together, just putting them together

and they would work together; what others look at is identifying functions that are across both agencies. We both do contracting so why don't we have individuals that do contracting. We have people that do monitoring. We have people that are fiscal. We have people that do management information systems.

Why not take individuals that are experts in that area and let them provide services to both of the departments according to function.

Mr. PETERSON. That's probably how the GSA started.

Mr. MINOTT. What I would like to see is to see some of the legislation—would be to give us performance standards, to go across programs. Give us funding streams to go across programs. Give us MIS systems and definitions to go across programs.

You can be prescriptive in those areas. Then let us design the programs to take care of the needs of the citizens of lower Delaware, urban Delaware, Maryland, California, North Dakota, Hawaii, wherever, and have you get back from us data that is national, that you can compare because you're going to set broad definitions, functional definitions, functional audits.

Then you can compare apples to apples. And then we will know what you want us to do, we will know how you want us to report it, we will know what the fiscal rules are. And then we will get together through our human resource investment councils, our State Job Training Coordinating Councils, whatever, and we will design local programs to take care of local problems within your framework.

Mr. PETERSON. Well, I think that's where we want to go. How we get there is, again, the question. As we've said, this is probably going to be the first of a number of hearings that we're going to have in this area.

I was talking to Chris Shays on the way over to vote and we are going to try between him and me and Mr. Zeliff and any others in this new group that the administration is forming—maybe it's time that we figure out some way to put a focus on this. We've decided that the three of us and whoever else on this committee who wants to do it are going to try to make that happen and see if we can get the attention of the other committees. That's what it's going to take, it's going to take some kind of effort to bust through all of this stuff.

I think it's time we try to do it. It's not going to be enough just to consolidate six programs in Labor. So, if you're interested in being involved in that process I think you would be good resource people; if you're willing to do that. We'll be having more hearings. If you are interested, let my staff know and we'll keep you apprised of what's going on and meetings that we have. We appreciate you coming today.

Does anybody have any last burning things that they didn't get off their chests? We appreciate your coming and we hope to see you again. We stand adjourned.

[Whereupon, at 12:40 p.m., the subcommittee adjourned, to reconvene subject to the call of the Chair.]

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